

**CITY OF MARINE CITY**  
St. Clair County, Michigan  
**AUDITED FINANCIAL STATEMENTS**  
For The Year Ended June 30, 2008

# Auditing Procedures Report

Instructions and MuniCodes

\*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1 07)

Unit Name* CITY OF MARINE CITY	County* ST. CLAIR	Type* CITY	MuniCode* 74-2-020
Opinion Date-Use Calendar* Oct 27, 2008	Audit Submitted-Use Calendar* Dec 1, 2008	Fiscal Year End Month* 06	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/> ?	18. Are there reported deficiencies? <input checked="" type="checkbox"/> 19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="checkbox"/> ? \$ 3,771,085.00
General Fund Expenditure:	<input type="checkbox"/> ? \$ 3,517,685.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	<input type="checkbox"/> ? \$ 917,383.00
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/> ? \$ 3,207,623.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* GLEN	Last Name* MCBRIDE	Ten Digit License Number* 1101008018		
CPA Street Address* 1115 S PARKER	City* MARINE CITY	State* MI	Zip Code* 48039	Telephone* +1 (810) 765-4700
CPA Firm Name* MCBRIDE, MANLEY & MILL	Unit's Street Address* 1115 S PARKER	Unit's City* MARINE CITY	Unit's Zip* 48039	

# CITY OF MARINE CITY

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# CITY OF MARINE CITY

## Management's Discussion and Analysis

June 30, 2008

### Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements.

### The City as a Whole

The City combined net assets increased 5.3% from a year ago from \$9.310 million to \$9.809 million. As we look at the governmental activities separately from the business-type activities, we can see that the governmental activities experienced an increase of approximately \$750,000 during the year (34% increase). This was the result of increases in Debt Service Fund Net Assets and General Fund Net Assets. The business-type activities experienced a \$251,000 decrease in net assets, primarily as a result of depreciation of \$622,430. In a condensed format, the table below shows a comparison of the net assets (in thousands of dollars) as of the current date to the prior year:

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current Assets	\$ 3,079	\$ 3,052	\$ 691	\$ 644	\$ 3,761	\$ 3,669
Noncurrent Assets	3,398	2,956	9,909	10,398	13,307	13,355
Total Assets	6,477	6,008	10,600	11,042	17,068	17,024
Long-Term Debt Outstanding	2,588	2,949	3,483	3,646	6,071	6,595
Other Liabilities	962	881	236	264	1,188	1,119
Total Liabilities	3,550	3,830	3,719	3,910	7,259	7,714
Net Assets						
Invested in Capital Assets - Net of Debt	295	(444)	6,466	6,788	6,761	6,344
Restricted	1,479	1,441	14	14	1,494	1,455
Unrestricted	1,153	1,181	401	330	1,554	1,511
Total Net Assets	\$ 2,927	\$ 2,178	\$ 6,881	\$ 7,132	\$ 9,809	\$ 9,310

Unrestricted net assets, the part of net assets that can be used to finance day to day operations, decreased by \$28,000 for the governmental activities. This represents a decrease of approximately 2%. The current level of unrestricted net assets for our governmental activities stands at \$1.153 million, or about 34% of expenditures. This is within the targeted range set by the City during its last budget process.

# CITY OF MARINE CITY

## Management's Discussion and Analysis

June 30, 2008

The following table shows the changes of the net assets (in thousands of dollars) as of the current date to the prior year:

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Program Revenues</b>						
Charges for Services	\$ 682	\$ 781	\$ 1,465	\$ 1,513	\$ 2,147	\$ 2,294
Operating Grants and Contributions	280	324	-	-	280	324
Capital Grants and Contributions	119	-	5	-	124	-
<b>General Revenues</b>						
Property Taxes	2,208	2,192	-	-	2,208	2,192
State-Shared Revenues	514	590	-	-	514	590
Unrestricted Investment Earnings	137	181	10	18	147	199
Other	226	204	214	11	440	215
<b>Total Revenues</b>	<b>4,166</b>	<b>4,272</b>	<b>1,694</b>	<b>1,542</b>	<b>5,860</b>	<b>5,814</b>
<b>Program Expenses</b>						
Legislative	15	12	-	-	15	12
General Government	572	596	-	-	572	596
Public Safety	1,215	1,328	-	-	1,215	1,328
Highways and Streets	173	124	-	-	173	124
Public Works	908	744	-	-	908	744
Community and Economic Development	17	24	-	-	17	24
Recreation and Cultural	177	185	-	-	177	185
Other	248	228	-	-	248	228
Debt Service	91	72	-	-	91	72
Water and Sewer	-	-	1,945	1,877	1,945	1,877
<b>Total Expenses</b>	<b>3,416</b>	<b>3,313</b>	<b>1,945</b>	<b>1,877</b>	<b>5,361</b>	<b>5,190</b>
<b>Change in Net Assets</b>	<b>\$ 750</b>	<b>\$ 959</b>	<b>\$ (251)</b>	<b>\$ (335)</b>	<b>\$ 499</b>	<b>\$ 624</b>

The City's net assets continue to remain healthy. Total net assets grew by \$499,000. This was primarily because of increases in Net Assets of Governmental Activities.

### Governmental Activities

The City's total governmental revenues decreased by approximately \$106,000, primarily due to State sources which decreased by approximately \$76,000. Expenses of the governmental activities increased by \$103,000 over those of the previous year.

## **CITY OF MARINE CITY**

### **Management's Discussion and Analysis**

**June 30, 2008**

#### **Business-Type Activities**

The City's business-type activities consist of the Water and Sewer Fund. We provide water and sewer treatment to all City residents. We experienced a decrease in our net loss. This was primarily due to transfers from governmental funds of \$245,000.

#### **The City's Funds**

Our analysis of the City's major funds begins on page 5, following the entity-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The City creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The City's major funds include the General Fund, the Major & Local Street Funds, and the 1991 Unlimited Bond Series A Debt Fund.

The General Fund pays for most of the City's governmental services. The most significant are police, fire, and inspections, which incurred expenses of approximately \$1,349,000. These services are supported by general tax revenues of the City and State Revenue Sharing. In addition, the General Fund expended approximately \$792,000 on Public Works. These two areas represent approximately 63% of the General Fund's total expenditures.

#### **General Fund Budgetary Highlights**

Over the course of the year, the City amended the budget to take into account events during the year. The total budgeted expenditures for the General Fund were increased by approximately 11.9% during the year. The City's departments overall stayed within the budget, resulting in total expenditures \$188,125 below the budget. This caused the General Fund's fund balance to increase from \$663,983 a year ago to \$917,383 at June 30, 2008.

#### **Capital Asset and Debt Administration**

At the end of June 30, 2008, the City had \$13,307,198 invested in a broad range of capital assets, including buildings, police and fire equipment, and water and sewer lines. In addition, the City has invested significantly in streets. Streets constructed prior to July 1, 2003, are not reported on the City's financial statements.

#### **Economic Factors and Next Year's Budgets and Rates**

The City's budget for the year ending June 30, 2009, kept Operating Mills at 16.8707 mills which was at the same level as in the previous year. Because of the impact of Proposal A, however, the City needs to continue to watch its budget very closely. The state-wide tax reform act limits growth in taxable value on any individual property to the lesser of inflation or 5%. Because some properties increase in value by less than inflation, the mathematical result of this is that the total taxable value for the City will grow by less than inflation, before considering new property additions. In addition, as the City prepares for next fiscal year, the property tax revenue could decrease due to property sales and the current economic state of affairs, which could present some problems in balancing the budget.

## **CITY OF MARINE CITY**

### **Management's Discussion and Analysis**

**June 30, 2008**

The building at 300 Broadway, the City Administrative and Police Department operating facility, has been vacated due to structural problems. Therefore, the City officials and the City taxpayers must make a decision as to the future of this building and permanent location of these offices.

Water/Sewer usage rates have been increased by the rate of inflation plus amounts to offset expenditures that exceeded the revenue for Wastewater operations for the year ending June 30, 2009.

Due to the State of Michigan's budget problems, the City of Marine City is concerned about State Revenue Sharing funds. In addition, the City's fringe benefit costs have increased. The City's pension contribution rate decreased from 10.99% to 10.73% for fiscal year 7/1/08 - 6/30/09. However, the City is now responsible to set aside funds for retiree's health care cost. The City has approved to set aside 9.5% of the City's full-time active employees payroll for fiscal year 7/1/08 - 6/30/09 for this purpose. The City's actuary has determined the appropriate funding level for this obligation to be approximately 19%.

#### **Contacting the City Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Treasurer's office.





**McBride, Manley  
& Müller P.C.**

**Certified Public Accountants**

Marine City, MI (810) 765-4700

Chesterfield, MI (586) 598-4600

**INDEPENDENT AUDITORS' REPORT**

October 27, 2008

Honorable Mayor and City Commission  
City of Marine City  
303 S. Water Street  
Marine City, Michigan 48039

Honorable Members:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the CITY OF MARINE CITY, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Marine City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Marine City, as of June 30, 2008, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2008, on our consideration of the City of Marine City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages i through iv are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Marine City's basic financial statements. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,



McBRIDE, MANLEY & MILLER P.C.  
Certified Public Accountants



**City of Marine City  
Statement of Net Assets  
June 30, 2008**

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		
<b>Assets</b>				
Cash and cash equivalents	\$ 2,670,102	\$ 217,853	\$ 2,887,955	\$ 2,123,191
Restricted cash	--	85,998	85,998	--
Accounts and assessments receivable	14,340	384,258	398,598	--
Taxes receivable	51,778	--	51,778	--
Due from other units of government	241,257	--	241,257	--
Accrued revenue	62,679	--	62,679	--
Other assets	32,515	--	32,515	--
Due from primary government	--	--	--	375
Capital assets, net of accumulated depreciation	3,397,972	9,909,226	13,307,198	--
<i>Internal Balances*</i>	6,820	2,777	--	--
<b>Total Assets</b>	<b>6,477,463</b>	<b>10,600,112</b>	<b>17,067,978</b>	<b>2,123,566</b>
<b>Liabilities</b>				
Accounts payable	125,494	32,426	157,920	9,938
Accrued wages and vacation pay	186,586	19,661	206,247	126
Accrued interest payable	16,361	16,567	32,928	3,445
Current portion of debt	619,853	160,000	779,853	20,000
Due to other units and taxpayers	11,107	--	11,107	--
Due to component units	375	--	375	--
Accrued sick pay	161,139	203,284	364,423	--
Long-term obligations, net of current portion	2,426,631	3,280,000	5,706,631	275,000
<i>Internal Balances*</i>	2,777	6,820	--	--
<b>Total Liabilities</b>	<b>3,550,323</b>	<b>3,718,758</b>	<b>7,259,484</b>	<b>308,509</b>
<b>Net Assets</b>				
Investment in capital assets, net of related debt	295,105	6,466,226	6,761,331	--
<i>Restricted for:</i>				
Debt service	22,728	--	22,728	--
Perpetual care	137,014	--	137,014	--
Highways and streets - Act 51	1,313,379	--	1,313,379	--
Asset replacement	--	14,266	14,266	--
Drug enforcement	5,794	--	5,794	--
<i>Unrestricted</i>	1,153,120	400,862	1,553,982	1,815,057
<b>Total Net Assets</b>	<b>\$ 2,927,140</b>	<b>\$ 6,881,354</b>	<b>\$ 9,808,494</b>	<b>\$ 1,815,057</b>

\* Amounts have been eliminated in total column



**City of Marine City  
Statement of Activities  
For the Year Ended June 30, 2008**

Functions/Programs	Program Revenues			Net (Expense) Revenue		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total
	Expenses					Component Units
<b>Primary Government Governmental Activities:</b>						
Legislative	\$ 15,346	\$ --	\$ --	\$ (15,346)	\$ --	\$ (15,346)
General government	572,339	270,254	49,000	(253,085)	--	(253,085)
Public safety	1,214,931	152,175	69,634	(991,658)	--	(991,658)
Public works	907,814	208,125	--	(699,689)	--	(699,689)
Community and economic development	16,271	1,350	--	(14,921)	--	(14,921)
Recreation and cultural	177,429	--	--	(161,730)	--	(161,730)
Highways and streets	173,385	15,699	--	105,545	--	105,545
Other	204,435	12,824	--	(191,611)	--	(191,611)
Debt service interest	91,179	--	--	(91,179)	--	(91,179)
Cemetery operations	43,203	21,184	--	(22,019)	--	(22,019)
<b>Total Governmental Activities</b>	<b>3,418,312</b>	<b>581,611</b>	<b>118,634</b>	<b>(2,335,693)</b>	<b>--</b>	<b>(2,335,693)</b>
<b>Business-type Activities:</b>						
Water and Sewer Disposal	1,945,498	1,485,042	5,053	--	(475,403)	(475,403)
<b>Total Business-type Activities</b>	<b>1,945,498</b>	<b>1,485,042</b>	<b>5,053</b>	<b>--</b>	<b>(475,403)</b>	<b>(475,403)</b>
<b>Total Primary Government</b>	<b>\$ 5,361,810</b>	<b>\$ 2,146,653</b>	<b>\$ 123,687</b>	<b>\$ (2,335,693)</b>	<b>\$ (475,403)</b>	<b>\$ (2,811,096)</b>
<b>Component Units</b>						
T.I.F.A. #1	\$ 126,446	\$ --	\$ --	--	--	(126,446)
T.I.F.A. #2	53,052	--	--	--	--	(53,052)
T.I.F.A. #3	156,988	--	--	--	--	(156,988)
<b>Total Component Units</b>	<b>\$ 336,486</b>	<b>\$ --</b>	<b>\$ --</b>	<b>--</b>	<b>--</b>	<b>(336,486)</b>
<b>General Purpose Revenues and Transfers:</b>						
<b>Revenues</b>						
Tax collections		2,207,788	--	2,207,788		454,925
Interest revenue		136,983	--	136,983	10,323	147,306
Distributions from State of Michigan		513,711	--	513,711	--	513,711
Reimbursements from other funds and local units		113,768	--	113,768	--	113,768
Other		42,002	--	42,002	--	42,002
Transfers from component units		284,957	--	284,957	--	284,957
Transfers		(214,000)	--	(214,000)	214,000	--
<b>Total General Revenues and Transfers</b>		<b>3,085,209</b>		<b>3,085,209</b>	<b>224,323</b>	<b>3,309,532</b>
<b>Change in Net Assets</b>		<b>749,516</b>		<b>(251,080)</b>	<b>(251,080)</b>	<b>498,436</b>
<b>Net Assets at Beginning of Period</b>		<b>2,177,624</b>		<b>7,132,434</b>	<b>7,132,434</b>	<b>9,310,058</b>
<b>Net Assets at End of Period</b>		<b>\$ 2,927,140</b>		<b>\$ 6,881,354</b>	<b>\$ 6,881,354</b>	<b>\$ 9,808,494</b>
						<b>\$ 1,815,057</b>



**City of Marine City  
Balance Sheet  
Governmental Funds  
June 30, 2008**

		<u>Special Revenue</u>		<u>Debt Service</u>		
	<u>General</u>	<u>Local Street</u>	<u>Major Street</u>	<u>1991</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>			<u>Unlimitad</u>	<u>Governmental</u>	<u>Governmental</u>
				<u>Bond Series</u>	<u>Funds</u>	<u>Funds</u>
				<u>A Fund</u>		
<b>Assets</b>						
Cash and cash equivalents	\$ 964,979	\$ 558,211	\$ 723,526	\$ 15,063	\$ 408,323	\$ 2,670,102
Accounts and assessments receivable	14,340	--	--	--	--	14,340
Taxes receivable	88,862	--	--	14,009	686	103,557
Due from other units of government	194,544	12,301	34,412	--	--	241,257
Other assets	32,505	--	--	--	10	32,515
Due from other funds	8,906	12,051	--	--	6,648	27,605
<b>Total Assets</b>	<b>\$ 1,304,136</b>	<b>\$ 582,563</b>	<b>\$ 757,938</b>	<b>\$ 29,072</b>	<b>\$ 415,667</b>	<b>\$ 3,089,376</b>
<b>Liabilities</b>						
Accounts payable	\$ 119,275	\$ 1,380	\$ 2,757	\$ --	\$ 2,082	\$ 125,494
Accrued wages and vacation pay	48,361	1,748	452	--	1,690	52,251
Due to other units and taxpayers	11,107	--	--	--	--	11,107
Deferred revenue	207,635	--	2,268	14,009	686	224,598
Due to component units	375	--	--	--	--	375
Due to other funds	--	5,090	15,695	2,777	--	23,562
<b>Total Liabilities</b>	<b>386,753</b>	<b>8,218</b>	<b>21,172</b>	<b>16,786</b>	<b>4,458</b>	<b>437,387</b>
<b>Fund Balance</b>						
<i>Reserved for:</i>						
Perpetual care	--	--	--	--	7,493	7,493
Drug enforcement	5,794	--	--	--	--	5,794
<i>Unreserved reported in:</i>						
General Fund	911,589	--	--	--	--	911,589
Special Revenue	--	574,345	736,766	--	41,754	1,352,865
Debt Service	--	--	--	12,286	16,345	28,631
Capital Projects	--	--	--	--	216,096	216,096
Permanent	--	--	--	--	129,521	129,521
<b>Total Fund Balance</b>	<b>917,383</b>	<b>574,345</b>	<b>736,766</b>	<b>12,286</b>	<b>411,209</b>	<b>2,651,989</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,304,136</b>	<b>\$ 582,563</b>	<b>\$ 757,938</b>	<b>\$ 29,072</b>	<b>\$ 415,667</b>	<b>\$ 3,089,376</b>



**City of Marine City**  
**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets**  
**June 30, 2008**

Total Fund Balance - Governmental Funds	\$ 2,651,989
Accrued interest payable reflected on Statement of Net Assets, not on governmental balance sheets	(16,361)
Allowance for uncollectible taxes reflected in Statement of Net Assets, not reflected in governmental fund statements	(51,779)
Compensated absences expensed as paid in governmental fund statements, expensed as incurred in entity wide statements and reflected as liability on Statement of Net Assets	(295,474)
Revenue deferred in governmental fund statements if not received within sixty days	287,277
Fixed assets net of accumulated depreciation not reflected on governmental balance sheets and expensed in fund level statements at time of purchase	3,397,972
Long-term debt reflected on Statement of Net Assets not in governmental funds balance sheet and proceeds of long-term debt treated as revenue in fund level statements	(3,046,484)
<b>Total Net Assets-Governmental Funds</b>	<b>\$ <u>2,927,140</u></b>



**City of Marine City**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2008**

		Special Revenue		Debt Service		
				1991		
	General Fund	Local Street	Major Street	Unlimited Bond Series A Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Tax collections	\$ 2,029,127	\$ --	\$ --	\$ 165,730	\$ 19,217	\$ 2,214,074
Distributions from State of Michigan	486,291	75,070	201,572	--	--	762,933
Licenses, permits, fines, and fees	109,262	--	--	--	--	109,262
Fire protection fees	125,358	--	--	--	--	125,358
Recreation	15,699	--	--	--	--	15,699
Grant proceeds and reimbursements	120,098	--	--	--	--	120,098
Telecommunications	12,824	--	--	--	--	12,824
Zoning and site plan fees	1,350	--	--	--	--	1,350
Reimbursements from other funds and local units	--	--	--	113,768	--	113,768
Refuse	204,433	--	--	--	--	204,433
Intergovernmental	61,226	--	--	--	--	61,226
Other	39,695	--	134	--	--	39,829
User fees and other charges	--	--	--	135,057	49,832	184,889
Interest revenue	93,117	18,269	26,163	9,071	22,539	169,179
<b>Total Revenues</b>	<b>3,298,480</b>	<b>93,339</b>	<b>227,889</b>	<b>423,626</b>	<b>91,588</b>	<b>4,134,922</b>
<b>Expenditures</b>						
Legislative	18,124	--	--	--	--	18,124
General government	542,423	2,900	2,900	267	358	548,848
Public safety	1,349,022	--	--	--	--	1,349,022
Public works	792,059	--	--	--	--	792,059
Community and economic development	16,271	--	--	--	--	16,271
Recreation and cultural	211,280	--	--	--	7,793	219,073
Highways and streets	--	80,673	228,343	--	--	309,016
Other	420,527	--	--	--	--	420,527
Debt service principal	4,513	--	--	470,000	40,000	514,513
Debt service interest	30,986	--	--	59,300	3,900	94,186
Cemetery operations	--	--	--	--	32,001	32,001
<b>Total Expenditures</b>	<b>3,385,205</b>	<b>83,573</b>	<b>231,243</b>	<b>529,567</b>	<b>84,052</b>	<b>4,313,640</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(86,725)</b>	<b>9,766</b>	<b>(3,354)</b>	<b>(105,941)</b>	<b>7,536</b>	<b>(178,718)</b>
<b>Other Financing Sources (Uses)</b>						
Proceeds from debt	224,799	--	--	--	--	224,799
Transfers from component units	66,713	--	--	120,000	--	186,713
Transfers from other funds	181,093	49,065	--	8,079	56,920	295,157
Transfers to other funds	(132,480)	--	(49,065)	--	(327,612)	(509,157)
<b>Net Other Financing Sources (Uses)</b>	<b>340,125</b>	<b>49,065</b>	<b>(49,065)</b>	<b>128,079</b>	<b>(270,692)</b>	<b>197,512</b>
<b>Net Change in Fund Balance</b>	<b>253,400</b>	<b>58,831</b>	<b>(52,419)</b>	<b>22,138</b>	<b>(263,156)</b>	<b>18,794</b>
<i>Fund Balance at Beginning of Period (Note 17)</i>	663,983	515,514	789,185	(9,852)	674,365	2,633,195
<b>Fund Balance at End of Period</b>	<b>\$ 917,383</b>	<b>\$ 574,345</b>	<b>\$ 736,766</b>	<b>\$ 12,286</b>	<b>\$ 411,209</b>	<b>\$ 2,651,989</b>



**City of Marine City**  
**Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance with Statement of Activities**  
**For the Year Ended June 30, 2008**

Total Net Change in Fund Balances - Governmental Funds	\$ 18,794
Accrued interest payable reflected on Statement of Net Assets, not on governmental balance sheets	3,007
Allowance for uncollectible taxes reflected in Statement of Net Assets, not reflected in governmental fund statements	(2,495)
Compensated absences expensed as paid in governmental fund statements, expensed as incurred in entity wide statements and reflected as liability on Statement of Net Assets	(89,170)
Revenue deferred in governmental fund statements if not received within sixty days	23,670
Fixed assets net of accumulated depreciation not reflected on governmental balance sheets and expensed in fund level statements at time of purchase	441,481
Long-term debt reflected on Statement of Net Assets not in governmental funds balance sheet and proceeds of long-term debt treated as revenue in fund level statements	354,229
<b>Changes in Net Assets-Governmental Funds</b>	<b>\$ <u>749,516</u></b>





**City of Marine City  
Statement of Net Assets  
Proprietary Funds  
June 30, 2008**

	<b>Business-type Activities - Enterprise Funds</b>	
	<b>Water and Sewer Disposal</b>	<b>Total Enterprise Funds</b>
<b>Assets</b>		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 217,853	\$ 217,853
Restricted cash	85,998	85,998
Accounts and assessments receivable	384,258	384,258
Due from other funds	2,777	2,777
<b>Total Current Assets</b>	<b>690,886</b>	<b>690,886</b>
<i>Noncurrent Assets</i>		
Capital assets, net of accumulated depreciation	9,909,226	9,909,226
<b>Total Assets</b>	<b>10,600,112</b>	<b>10,600,112</b>
<b>Liabilities</b>		
<i>Current Liabilities</i>		
Accounts payable	32,426	32,426
Accrued wages and vacation pay	19,661	19,661
Accrued interest payable	16,567	16,567
Current portion of debt	160,000	160,000
Due to other funds	6,820	6,820
<b>Total Current Liabilities</b>	<b>235,474</b>	<b>235,474</b>
<i>Noncurrent Liabilities</i>		
Accrued sick pay	203,284	203,284
Long-term obligations, net of current portion	3,280,000	3,280,000
<b>Total Liabilities</b>	<b>3,718,758</b>	<b>3,718,758</b>
<b>Net Assets</b>		
Investment in capital assets, net of related debt	6,466,226	6,466,226
<i>Restricted for:</i>		
Asset replacement	14,266	14,266
<i>Unrestricted</i>	400,862	400,862
<b>Total Net Assets</b>	<b>\$ 6,881,354</b>	<b>\$ 6,881,354</b>



**City of Marine City**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2008**

	<b>Business-type Activities - Enterprise Funds</b>	
	<b>Water and Sewer Disposal</b>	<b>Total Enterprise Funds</b>
<b>Operating Revenues</b>		
Licenses, permits, fines, and fees	\$ 1,800	\$ 1,800
Interest and penalties earned	107	107
Metered sales	1,362,494	1,362,494
Sewage treatment contract	54,096	54,096
Hydrant rental and city usage	19,000	19,000
Other	1,379	1,379
<b>Total Operating Revenues</b>	<b>1,438,876</b>	<b>1,438,876</b>
<b>Operating Expenses</b>		
Water	897,963	897,963
Sewer	955,903	955,903
<b>Total Operating Expenses</b>	<b>1,853,866</b>	<b>1,853,866</b>
<b>Operating Income</b>	<b>(414,990)</b>	<b>(414,990)</b>
<b>Non-Operating Revenues (Expenses)</b>		
Interest revenue	10,323	10,323
Debt service	26,166	26,166
Capital contributions	5,053	5,053
Interest expense and agent fees	(91,632)	(91,632)
<b>Net Non-Operating Revenues (Expenses)</b>	<b>(50,090)</b>	<b>(50,090)</b>
<b>Income Before Contributions and Transfers</b>	<b>(465,080)</b>	<b>(465,080)</b>
Transfers from other funds	245,000	245,000
Transfers to other funds	(31,000)	(31,000)
<b>Change in Net Assets</b>	<b>(251,080)</b>	<b>(251,080)</b>
<i>Net Assets at Beginning of Period</i>	<i>7,132,434</i>	<i>7,132,434</i>
<b>Net Assets at End of Period</b>	<b>\$ 6,881,354</b>	<b>\$ 6,881,354</b>



**City of Marine City  
Statement of Cash Flows  
Proprietary Funds  
For the year ended June 30, 2008**

	<b>Water and Sewage Disposal System</b>
<b>Cash Flows From Operating Activities:</b>	
Receipts from customers	\$ 1,456,862
Receipts from other funds	19,000
Payments to suppliers	(680,630)
Payments to employees	(571,250)
Other receipts (payments)	1,486
<b>Net Cash Provided By Operating Activities</b>	<b>226,468</b>
<b>Cash Flows From Noncapital Financing Activities:</b>	
Transfer from other funds	245,000
Transfer to other funds	(31,000)
<b>Net Cash Provided By Noncapital Financing Activities</b>	<b>214,000</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Acquisition of capital assets	(133,201)
Capital contributions	5,053
Principal paid on bonds	(170,000)
Interest and paying agent fees paid on revenue bonds	(92,536)
Debt service charges	26,166
<b>Net Cash Used In Capital and Related Financing Activities</b>	<b>(364,516)</b>
<b>Cash Flows From Investing Activities:</b>	
Interest on investments	10,323
<b>Net Cash Provided By Investing Activities</b>	<b>10,323</b>
<b>Net Increase In Cash and Cash Equivalents</b>	<b>86,273</b>
Cash and Cash Equivalents at July 1, 2007	218,578
<b>Cash and Cash Equivalents At June 30, 2008</b>	<b>\$ 303,851</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:</b>	
Operating loss	\$ (414,990)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	622,430
Change in assets and liabilities:	
Accounts receivable	19,521
Due from other funds	18,951
Accounts payable	(29,385)
Due to other funds	2,342
Accrued wages and compensated absences	6,599
<b>Net Cash Provided By Operating Activities</b>	<b>\$ 226,468</b>



**City of Marine City**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2008**

	<u>Pension and Benefit Trust</u>		<u>Agency</u>		
	<u>Retiree Health Trust</u>	<u>Pension Fund</u>	<u>Police Trust &amp; Agency Fund</u>	<u>Tax Collection Fund</u>	<u>Special Assessment Trust</u>
<b>Assets</b>					
Cash and cash equivalents	\$ --	\$ --	\$ 204	\$ 25,532	\$ 58,046
Investments - at fair value	249,390	6,326,928	--	--	--
Accounts and assessments receivable	--	--	--	--	12,195
Taxes receivable	--	--	--	528,306	--
Other assets	6,920	--	--	--	--
<b>Total Assets</b>	<u>256,310</u>	<u>6,326,928</u>	<u>204</u>	<u>553,838</u>	<u>70,241</u>
<b>Liabilities</b>					
Accrued interest payable	--	--	--	--	1,150
Current portion of debt	--	--	--	--	4,000
Due to other units and taxpayers	--	--	204	443,985	--
Due to other funds	979	--	--	109,853	91
Long-term obligations, net of current portion	--	--	--	--	65,000
<b>Total Liabilities</b>	<u>979</u>	<u>--</u>	<u>204</u>	<u>553,838</u>	<u>70,241</u>
<b>Net Assets</b>					
Held in Trust for benefits	<u>\$ 255,331</u>	<u>\$ 6,326,928</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>



**City of Marine City**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2008**

	<u>Retiree Health Trust</u>	<u>Pension Fund</u>
<b>Additions</b>		
Employer contributions	\$ 229,409	\$ 155,056
Employee contributions	--	71,387
Net appreciation in fair value of investments	(2,639)	(233,493)
Interest, dividends, and realized gains	6,672	49,522
<b>Total Additions</b>	<u>233,442</u>	<u>42,472</u>
<b>Deductions</b>		
Benefits	100,034	280,998
Administrative expenses	1,070	56,462
<b>Total Deductions</b>	<u>101,104</u>	<u>337,460</u>
<b>Change in Net Assets</b>	<u>132,338</u>	<u>(294,988)</u>
<i>Net Assets at Beginning of Period</i>	122,993	6,621,916
<b>Net Assets at End of Period</b>	<u><b>\$ 255,331</b></u>	<u><b>\$ 6,326,928</b></u>



**City of Marine City**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2008**

	<b>Budgeted Amounts</b>			<b>Variance Favorable (Unfavorable) Final to Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Tax collections	\$ 2,004,775	\$ 2,022,475	\$ 2,029,127	\$ 6,652
Distributions from State of Michigan	495,000	495,000	486,291	(8,709)
Licenses, permits, fines, and fees	86,510	87,510	109,262	21,752
Fire protection fees	134,500	125,350	125,358	8
Recreation	15,190	15,500	15,699	199
Grant proceeds and reimbursements	--	50,400	120,098	69,698
Telecommunications	12,500	12,500	12,824	324
Zoning and site plan fees	1,000	1,000	1,350	350
Refuse	205,110	205,110	204,433	(677)
Intergovernmental	40,000	59,500	61,226	1,726
Other	43,500	51,900	39,695	(12,205)
Interest	51,100	90,100	93,117	3,017
<b>Total Revenues</b>	<b>3,089,185</b>	<b>3,216,345</b>	<b>3,298,480</b>	<b>82,135</b>
<b>Other Financing Sources</b>				
Funding for lease	--	224,800	224,799	(1)
Transfers from component units	66,713	66,713	66,713	--
Transfers from other funds	65,987	181,082	181,093	11
<b>Total Revenues and Other Financing Sources</b>	<b>3,221,885</b>	<b>3,688,940</b>	<b>3,771,085</b>	<b>82,145</b>
<b>Expenditures</b>				
Legislative	12,985	19,785	18,124	1,661
General government	589,785	612,450	542,423	70,027
Public safety	1,451,745	1,364,140	1,349,022	15,118
Public works	770,550	822,915	792,059	30,856
Community and economic development	26,625	26,625	16,271	10,354
Recreation and cultural	171,410	243,350	211,280	32,070
Other	144,350	445,915	420,527	25,388
Debt service principal	--	4,525	4,513	12
Debt service interest	10,960	31,040	30,986	54
<b>Total Expenditures</b>	<b>3,178,410</b>	<b>3,570,745</b>	<b>3,385,205</b>	<b>185,540</b>
<b>Other Financing Uses</b>				
Transfers to other funds	132,365	135,065	132,480	2,585
<b>Total Expenditures and Other Financing Uses</b>	<b>3,310,775</b>	<b>3,705,810</b>	<b>3,517,685</b>	<b>188,125</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(88,890)</b>	<b>(16,870)</b>	<b>253,400</b>	<b>270,270</b>
<b>Fund Balance at Beginning of Period</b>	<b>663,983</b>	<b>663,983</b>	<b>663,983</b>	<b>--</b>
<b>Fund Balance at End of Period</b>	<b>\$ 575,093</b>	<b>\$ 647,113</b>	<b>\$ 917,383</b>	<b>\$ 270,270</b>



**City of Marine City**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Major Street**  
**For the Year Ended June 30, 2008**

	<b>Budgeted Amounts</b>			<b>Variance Favorable (Unfavorable) Final to Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Distributions from State of Michigan	\$ 209,000	\$ 209,000	\$ 201,572	\$ (7,428)
Other	--	--	134	134
Interest	19,000	25,000	26,183	1,183
<b>Total Revenues</b>	<u>228,000</u>	<u>234,000</u>	<u>227,889</u>	<u>(6,111)</u>
<b>Other Financing Sources</b>	--	--	--	--
<b>Total Revenues and Other Financing Sources</b>	<u>228,000</u>	<u>234,000</u>	<u>227,889</u>	<u>(6,111)</u>
<b>Expenditures</b>				
General government	2,900	2,900	2,900	--
Highways and streets	111,810	284,445	228,343	56,102
<b>Total Expenditures</b>	<u>114,710</u>	<u>287,345</u>	<u>231,243</u>	<u>56,102</u>
<b>Other Financing Uses</b>				
Transfers to other funds	50,000	49,065	49,065	--
<b>Total Expenditures and Other Financing Uses</b>	<u>164,710</u>	<u>336,410</u>	<u>280,308</u>	<u>56,102</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	63,290	(102,410)	(52,419)	49,991
<b>Fund Balance at Beginning of Period</b>	789,185	789,185	789,185	--
<b>Fund Balance at End of Period</b>	<u>\$ 852,475</u>	<u>\$ 686,775</u>	<u>\$ 736,766</u>	<u>\$ 49,991</u>



**City of Marine City**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Local Street**  
**For the Year Ended June 30, 2008**

	<b>Budgeted Amounts</b>			<b>Variance Favorable (Unfavorable) Final to Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Distributions from State of Michigan	\$ 76,000	\$ 76,000	\$ 75,070	\$ (930)
Interest	13,000	17,500	18,269	769
<b>Total Revenues</b>	<u>89,000</u>	<u>93,500</u>	<u>93,339</u>	<u>(161)</u>
<b>Other Financing Sources</b>				
Transfers from other funds	50,000	50,000	49,065	(935)
<b>Total Revenues and Other Financing Sources</b>	<u>139,000</u>	<u>143,500</u>	<u>142,404</u>	<u>(1,096)</u>
<b>Expenditures</b>				
General government	2,900	2,900	2,900	--
Highways and streets	99,540	113,484	80,673	32,811
<b>Total Expenditures</b>	<u>102,440</u>	<u>116,384</u>	<u>83,573</u>	<u>32,811</u>
<b>Other Financing Uses</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Total Expenditures and Other Financing Uses</b>	<u>102,440</u>	<u>116,384</u>	<u>83,573</u>	<u>32,811</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	36,560	27,116	58,831	31,715
<b>Fund Balance at Beginning of Period</b>	515,514	515,514	515,514	--
<b>Fund Balance at End of Period</b>	<u>\$ 552,074</u>	<u>\$ 542,630</u>	<u>\$ 574,345</u>	<u>\$ 31,715</u>





**City of Marine City**  
**Notes to Financial Statements**  
**June 30, 2008**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**DESCRIPTION OF CITY OPERATIONS AND FUND TYPES:** The City of Marine City covers an area of four square miles. The City operates under an elected Mayor and Board of six commissioners and provides services to its residents (approximately 4,500) in many areas including law enforcement, fire protection, and sanitation.

**REPORTING ENTITY:** The financial reporting entity consists of the primary government of the City of Marine City and its discretely presented component units. GASB Statement No. 14, as amended by GASB 39, states that the financial reporting entity consists of (a) the primary government; (b) organizations for which the primary government is financially accountable; and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria for determining the financial reporting entity are separately elected governing body, legally separate entity, fiscally independent, ability to appoint voting majority of governing body, ability to impose its will, and potential for benefit or burden. Certain other organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the primary government, including their ongoing financial support of the primary government or its other component units. A legally separate, tax-exempt organization would be reported as a component unit of the reporting entity if all of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

Using this criteria, the following have been determined to be discretely presented component units of the City of Marine City:

T.I.F.A. #1  
T.I.F.A. #2

T.I.F.A. #3

During the year ended June 30, 2008, T.I.F.A. #2 contributed \$35,000 and T.I.F.A. #3 contributed \$85,000 to Debt Service in fulfillment of bond obligations. The T.I.F.A.'s contributed \$164,957 to the General Fund.

All of the component units were established to prevent urban deterioration and encourage economic development and activity as well as to encourage neighborhood revitalization and historic preservation.

The financial statements of the City do not include the Building Authority. This entity is inactive and has no assets, liabilities, or fund balance. The City retains its existence for possible future use. Educational services are provided to citizens through local school districts which are separate governmental entities.

**City of Marine City**  
**Notes to Financial Statements**  
**(Continued)**  
**June 30, 2008**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION:** The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes and other revenues are recognized in the accounting period when they become measurable and available to finance operations. Properties are assessed as of December 31, and the related property taxes are levied on July 1, and become a lien on the following July 1. These taxes are due on August 31, with a final collection date of February 28, before they are added to the county tax rolls.

Revenues earned and susceptible to accrual are considered available and recognized if received within sixty days after the year end.



**City of Marine City**  
**Notes to Financial Statements**  
**(Continued)**  
**June 30, 2008**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The government reports the following major governmental funds:

*GENERAL FUND* - This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, protective services, and other intergovernmental revenues.

*MAJOR AND LOCAL STREET FUNDS* - The Major Street Fund accounts for all financial resources of state gas and weight tax revenues that are restricted for use on major streets. The Local Street Fund accounts for all financial resources of state gas and weight tax revenues that are restricted for use on local streets.

*1991 UNLIMITED BONDS SERIES A FUND* - The 1991 Unlimited Bonds Series A Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. This fund is not legally required to adopt a budget, and a budgetary comparison statement has not been presented for the Fund.

The government reports the following major proprietary funds:

*ENTERPRISE FUNDS* - The Water Supply and Sewage Disposal System Fund reports operations that provide services which are financed by user charges or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control, or other purposes.

Additionally, the government reports the following fund type:

*PENSION FUND* - This fund is an agent for retirement contributions for the City's employees.

*RETIREE HEALTH TRUST* - This fund is an agent for health insurance contributions for the City's employees.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. Residual balances between the business-type activities and the governmental activities are reported as "internal balances."

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.



**City of Marine City**  
**Notes to Financial Statements**  
**(Continued)**  
**June 30, 2008**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water and sewer fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private sector standards issued after November 30, 1989, for its business-type activities.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**ASSETS, LIABILITIES, AND NET ASSETS**

**BANK DEPOSITS AND INVESTMENTS:** Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**RECEIVABLES AND PAYABLES:** In general, outstanding balances between funds are reported as "due to/from other funds." All trade and property tax receivables are shown net of allowance for uncollectible amounts, totaling \$51,779.

**INVENTORIES AND PREPAID ITEMS:** Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**CAPITAL ASSETS:** Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.



**City of Marine City**  
**Notes to Financial Statements**  
**(Continued)**  
**June 30, 2008**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Infrastructure assets acquired prior to July 1, 2003, have not been capitalized and are omitted from the Statement of Net Assets.

Assets are depreciated using the straight-line method over the following useful lives:

Office Equipment	3-15 years
Buildings and Additions	15-60 years
Water and Sewer System	20-40 years
Roads and Sidewalks	20 years
Machinery and Equipment	5-10 years
Water and Sewer Plant and Equipment	20 years

**CAPITALIZED INTEREST:** The City capitalizes interest during the construction phase of proprietary fund assets if financed by revenue bonds. Interest is not capitalized for assets constructed with general obligation debt. There was no interest capitalized for the period.

**COMPENSATED ABSENCES:** The City accrues the liability for future vacation, sick, and other leave benefits that are attributable to employee services already rendered if this obligation relates to vested obligations, the payment of which is probable and can be reasonably estimated. It is the policy of the City to show unpaid vacation benefits as current, as they are payable within one year.

All vacation and vested sick pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**LONG-TERM OBLIGATIONS:** In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.



**City of Marine City**  
**Notes to Financial Statements**  
**(Continued)**  
**June 30, 2008**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent Property Taxes	\$105,826	\$ --
State and Local Revenue	116,599	--
Special Assessments	2,173	--
	<u>\$224,598</u>	<u>\$ --</u>

**FUND EQUITY:** In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

It is the policy of the City to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS:** P.A. 621 of 1978, section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the City's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets, as amended, of the City for these budgetary funds were adopted to the departmental level and are shown in the supplemental schedules to this statement. Budget amendments require approval from a majority of the City Council. Actual expenditures did not exceed budgeted amounts for the year.

**NOTE 3: CASH AND INVESTMENTS**

Deposits are carried at cost. Deposits are at Michigan banks in the name of the City of Marine City Treasurer. Michigan Act 20 P.A. 1943 allows a city to make various investments with public monies including, but not limited to, the following:

1. Direct bonds and obligations of the U.S., its agencies or instrumentalities
2. Certificates of deposit, savings accounts with banks, savings and loan associations, or credit unions which are insured with the applicable federal agency and located in the State of Michigan
3. Commercial paper - rated within 2 highest rate classifications by at least 2 rating services and matures not later than 270 days
4. U.S. or agency repurchase agreements
5. Mutual funds - investments which local unit can make directly
6. Bankers' acceptances of U.S. banks
7. Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service



**City of Marine City**  
**Notes to Financial Statements**  
**(Continued)**  
**June 30, 2008**

**NOTE 3: CASH AND INVESTMENTS (Continued)**

Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion Number 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan.

The above investment restrictions do not apply to the City's Pension Fund.

The deposits of the City are in accordance with statutory authority.

Deposits and investments are recorded at cost. The carrying amounts are included on the balance sheet as "Cash and Investments."

The City's cash deposits are as follows:

Deposits are reflected on the individual fund balance sheet as follows:

Total government funds	\$2,670,102
Total proprietary funds	303,851
Total fiduciary funds	83,782
Total component units	2,123,191
Less cash on hand	( 150)
Less cash held in agency	( 7,214)
Total Deposits	<u>\$5,173,562</u>

**CUSTODIAL CREDIT RISK:** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2008, \$4,771,661 of the government's bank balance of \$5,192,698 was exposed to custodial credit risk as follows:

<u>Deposits</u>	<u>Insured (FDIC)</u>	<u>Uninsured and Uncollateralized</u>	<u>Carrying Amount</u>	<u>Bank Balance/ Market Value</u>
Demand deposits	\$330,169	\$4,771,511	\$ 5,101,680	\$5,120,966
Savings and CD's	71,732	--	71,732	71,732
Cash on hand	--	150	150	--
	<u>\$401,901</u>	<u>\$4,771,661</u>	5,173,562	<u>\$5,192,698</u>

**Investments**

Mutual funds -  
nonrisk category

GRAND TOTAL CASH AND INVESTMENTS

6,576,318  
\$11,749,880

**Investments - Nonrisk Categorized**

Mutual funds - Pension Fund - UBS Financial Services  
- Retiree Health Trust - UBS Financial Services  
Total Investments

<u>Carrying Amount</u>	<u>Market Value</u>
\$ 6,326,928	\$6,326,928
249,390	249,390
<u>\$ 6,576,318</u>	<u>\$6,576,318</u>



**City of Marine City**  
**Notes to Financial Statements**  
**(Continued)**  
**June 30, 2008**

**NOTE 3: CASH AND INVESTMENTS (Continued)**

**INTEREST RATE RISK:** The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the City made no investments that have market value risk during the current fiscal year.

**CREDIT RISK:** State law limits investments as stated above. The City's investment policy does not limit its investment choices beyond the statute. The authority to make investment decisions has been granted to the City Treasurer.

**CONCENTRATION OF CREDIT RISK:** The City places no limit on the amount the City may invest in any one issuer. 99% of the City's investments are with UBS Financial Services. These are mutual funds. See Note 4 for further information on these investments.

**NOTE 4: RESTRICTED ASSETS AND INVESTMENTS**

*Water and Sewer Fund - Restricted Assets:*

Per Bond Ordinance 48, as amended by 48A and 57 - cash restricted to pay for asset replacement	\$ 5,000
Per City's designation - cash restricted for sewer construction	9,266
Cash restricted to pay for FMHA Series III Bond	<u>71,732</u>
	<u>\$85,998</u>

*Pension Fund and Retiree Health Care Trust:*

Michigan state statute authorizes a political subdivision to make various investments with assets of public employee retirement systems including, but not limited to, the following:

1. The general account of a life insurer authorized to do business in this state, but the total of the assets invested shall not exceed 50% of the capital and surplus of the insurer.
2. Obligations of the United States or its agencies.
3. Banker's acceptances, commercial accounts, certificates of deposit or depository receipts issued by a bank, trust company, savings and loan association, or a credit union.
4. Commercial paper rated within 3 highest rate classifications by at least 2 rating services and matures not later than 270 days.

The City of Marine City's Pension and Retiree Health Care Trust deposits and investments are in accordance with statutory authority.

The Pension and Retiree Health Care Trust investments are as follows:

<u>Investment</u>	<u>Interest Rate</u>	<u>Amount</u>
Paine Webber Cash Fund	Variable	\$ 126,116
Paine Webber Trust Company	Variable	<u>6,450,202</u>
		<u>\$6,576,318</u>

All of the investments are held in the name of the City's Pension and Retiree Health Care Trust.



**City of Marine City**  
**Notes to Financial Statements**  
**(Continued)**  
**June 30, 2008**

**NOTE 5: FIXED ASSETS**

*Governmental Activities Fixed Assets:*

A summary of changes in governmental fixed assets follows:

	Balance 6/30/07	Additions	Disposals	Balance 6/30/08
Legislative:				
Equipment	\$ --	\$ 3,087	\$ --	\$ 3,087
General Government:				
Equipment and vehicles	1,236,493	42,276	--	1,278,769
Buildings	566,331	--	--	566,331
Land	1,246,019	--	--	1,246,019
Public Safety:				
Equipment and vehicles	825,001	93,614	--	918,615
Buildings	520,987	--	--	520,987
Capitalized leases	523,245	51,503	--	574,748
Public Works:				
Equipment and vehicles	284,931	--	--	284,931
Buildings	242,719	--	--	242,719
Capitalized leases	77,214	--	--	77,214
Recreation:				
Land	--	258,116	--	258,116
Equipment	240,864	63,175	--	304,039
Buildings	226,960	6,764	--	233,724
Highways and Streets:				
Equipment	758,554	--	--	758,554
Roads/sidewalks	130,461	142,121	--	272,582
Cemetery:				
Equipment	33,690	--	--	33,690
Buildings	241,770	--	--	241,770
	7,155,239	660,656	--	7,815,895
Accumulated Depreciation	4,198,748	219,175	--	4,417,923
	<u>\$2,956,491</u>	<u>\$441,481</u>	<u>\$ --</u>	<u>\$3,397,972</u>

The above amounts include land with a cost of \$1,504,135 not subject to depreciation.

The assets above include assets acquired through capital leases with a cost of \$651,962 and accumulated depreciation of \$428,536.



**City of Marine City**  
**Notes to Financial Statements**  
**(Continued)**  
**June 30, 2008**

**NOTE 5: FIXED ASSETS (Continued)**

*Governmental Activities Fixed Assets (Continued):*

Governmental activity depreciation, included on the Statement of Activities, was allocated as follows:

Legislative	\$ 309
General Government	20,286
Public Safety	86,759
Public Works	26,546
Recreation	19,315
Highways and Streets	54,757
Cemetery	11,203
Total	<u>\$219,175</u>

*Business-Type Activities Fixed Assets:*

	Balance 6/30/07	Additions	Disposals	Balance 6/30/08
Water plant, lines, and equipment	\$ 6,213,702	\$133,202	\$ --	\$ 6,346,904
Sewer plant, lines, and equipment	14,463,030	--	--	14,463,030
Land	63,174	--	--	63,174
	<u>20,739,906</u>	133,202	--	20,873,108
Accumulated depreciation	10,341,452	622,430	--	10,963,882
	<u>\$10,398,454</u>	( <u>\$489,228</u> )	\$ --	<u>\$ 9,909,226</u>

Depreciation for the water and sewer systems totaled \$192,063 and \$430,367, respectively, for the year ended June 30, 2008.

**NOTE 6: LONG-TERM DEBT**

The government issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

**City of Marine City**  
**Notes to Financial Statements**  
**(Continued)**  
**June 30, 2008**

**NOTE 6: LONG-TERM DEBT (Continued)**

*Changes in Indebtedness by Type:*

	Payable at June 30, 2007	Increase	Decrease	Payable at June 30, 2008
General Obligation:				
General obligation bonds	\$3,160,000	\$ --	\$510,000	\$2,650,000
Fire truck leases	183,680	79,799	44,642	218,837
Police car lease	11,063	--	5,258	5,805
Backhoe lease	45,970	--	14,611	31,359
Mortgage	--	145,000	4,517	140,483
Accrued sick pay	286,517	77,906	--	364,423
Total General Obligation	<u>3,687,230</u>	<u>302,705</u>	<u>579,028</u>	<u>3,410,907</u>
Revenue Bonds	455,000	--	10,000	445,000
Drinking Water Revolving Fund				
Bonds	3,155,000	--	160,000	2,995,000
Special Assessment Bonds	73,000	--	4,000	69,000
Total Indebtedness	<u>\$7,370,230</u>	<u>\$302,705</u>	<u>\$753,028</u>	<u>\$6,919,907</u>

*Changes in Indebtedness by Fund:*

Total Water and Sewer Fund				
Indebtedness	\$3,806,247	\$ 7,037	\$170,000	\$3,643,284
Total Governmental				
Indebtedness	3,490,983	295,668	579,028	3,207,623
Special Assessments	73,000	--	4,000	69,000
Total Indebtedness	<u>\$7,370,230</u>	<u>\$302,705</u>	<u>\$753,028</u>	<u>\$6,919,907</u>

The general obligation bonds and indebtedness are to be financed by revenues of the Debt Service Fund. The installment loan revenue bonds are to be retired by the revenues of the Water and Sewer Fund. The special assessment bonds are to be retired from collection of special assessments.

**City of Marine City**  
**Notes to Financial Statements**  
**(Continued)**  
**June 30, 2008**

**NOTE 6: LONG-TERM DEBT (Continued)**

The following is a summary of indebtedness and annual principal and interest requirements:

*Summary of Indebtedness:*

	<u>Number of Issues</u>	<u>Interest Rate</u>	<u>Maturing Through</u>	<u>Principal Outstanding</u>
<b>General Obligations:</b>				
1991 Unlimited Tax Bonds - Series A	1	2.00%	2013	\$2,495,000
1992 Unlimited Tax Bonds - Series C	1	2.00	2012	95,000
1992 Limited Tax Wastewater Treatment System Bonds	1	2.00	2011	60,000
Fire truck leases (see note below)	2	6.61, 5.63	2014	218,837
Backhoe lease (see note below)	1	4.80	2010	31,359
Police car lease (see note below)	1	11.30	2010	5,805
Mortgage - 131 S. Water Street	1	4.84	2013	140,483
Accrued sick pay	N/A	N/A	N/A	364,423
<b>Total General Obligations</b>				<u><b>\$3,410,907</b></u>
<b>Special Assessment Bonds</b>	1	5.00	2021	<u><b>\$ 69,000</b></u>
<b>Revenue Bonds - Water and Sewer System</b>	1	5.00	2021	<u><b>\$ 445,000</b></u>
<b>Drinking Water Revolving Funds Bonds</b>	2	2.125, 2.50	2026	<u><b>\$2,995,000</b></u>

*Fire Truck Leases:* These leases are capital leases. Interest has been imputed at the rate of 6.61% and 5.63% per annum. These leases have been included in "Summary of Principal and Interest Requirements" below, under General Obligations. Future minimum lease payments are as follows:

<u>Date of Lease</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Payable In Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Imputed Interest</u>	<u>Total</u>
9/14/98	\$275,975	6.61%	2009	\$ --	\$ --	\$ --
			2010	28,743	5,278	34,021
			2011	30,404	3,616	34,020
			2012	32,161	1,859	34,020
				<u>\$91,308</u>	<u>\$10,753</u>	<u>\$102,061</u>

Annual lease payments of \$34,020 are due each July 1.



**City of Marine City**  
**Notes to Financial Statements**  
**(Continued)**  
**June 30, 2008**

**NOTE 6: LONG-TERM DEBT (Continued)**

<u>Date of Lease</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Payable In Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Imputed Interest</u>	<u>Total</u>
4/23/07	\$144,999	5.63%	2009	\$18,454	\$ 7,180	\$25,634
			2010	19,493	6,141	25,634
			2011	20,590	5,044	25,634
			2012	21,750	3,884	25,634
			2013	22,974	2,660	25,634
			2014	24,268	1,366	25,634
				<u>\$127,529</u>	<u>\$26,275</u>	<u>\$153,804</u>

Annual lease payments of \$25,634 are due each April 1.

*Backhoe Lease:* This lease is a capital lease. Interest has been imputed at the rate of 4.8% per annum. This lease has been included in "Summary of Principal and Interest Requirements" below, under General Obligations. Future minimum lease payments are as follows:

<u>Date of Lease</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Payable In Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Imputed Interest</u>	<u>Total</u>
7/10/2004	\$73,214	4.80%	2009	\$15,312	\$1,505	\$16,817
			2010	16,047	770	16,817
				<u>\$31,359</u>	<u>\$2,275</u>	<u>\$33,634</u>

Annual lease payments of \$16,817 are due each July 10.

*Police Car Lease:* This lease is a capital lease. Interest has been imputed at the rate of 11.3% per annum. This lease has been included in "Summary of Principal and Interest Requirements" below, under General Obligations. Future minimum lease payments are as follows:

<u>Date of Lease</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Payable In Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Imputed Interest</u>	<u>Total</u>
5/10/2006	\$15,591	11.30%	2009	\$ --	\$ --	\$ --
			2010	5,805	604	6,409
				<u>\$5,805</u>	<u>\$604</u>	<u>\$6,409</u>

Annual lease payments of \$6,410 are due each July 1.



**City of Marine City**  
**Notes to Financial Statements**  
**(Continued)**  
**June 30, 2008**

**NOTE 6: LONG-TERM DEBT (Continued)**

*Summary of Principal and Interest Requirements:*

	<u>Year Ending June 30</u>				
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Obligations	\$610,765	\$610,265	\$609,565	\$583,665	\$552,286
Revenue Bonds	22,500	56,375	54,625	52,875	51,125
Drinking Water Revolving Fund Bonds	218,244	224,638	220,800	221,963	218,019
Special Assessment Bonds	<u>7,350</u>	<u>7,150</u>	<u>7,925</u>	<u>7,675</u>	<u>7,425</u>
Total Principal and Interest Requirements	<u>\$858,859</u>	<u>\$898,428</u>	<u>\$892,915</u>	<u>\$866,178</u>	<u>\$828,855</u>

  

	<u>2014-2018</u>	<u>2019-2023</u>	<u>2024-2028</u>	<u>Total</u>
General Obligations	\$ --	\$ --	\$ --	\$2,966,546
Revenue Bonds	238,875	129,000	--	605,375
Drinking Water Revolving Fund Bonds	1,103,606	802,787	446,431	3,456,488
Special Assessment Bonds	<u>36,150</u>	<u>19,351</u>	<u>--</u>	<u>93,026</u>
Total Principal and Interest Requirements	<u>\$1,378,631</u>	<u>\$951,138</u>	<u>\$446,431</u>	<u>\$7,121,435</u>

*Debt Margin:*

Michigan Compiled Law limits indebtedness incurred by cities to 10% of the total state equalized valuation of the city. For the fiscal year 07/08, the state equalized value of the City of Marine City was \$154,654,402; therefore, the legal debt margin is \$15,465,440.

*Component Units - Tax Increment Bonds:*

At June 30, 2008, T.I.F.A. #1 had a total of \$295,000 of Tax Increment Bonds, series 2001 outstanding. The City has pledged its full faith and credit in the event the Component Unit Debt Retirement Fund does not pay the principal and interest payments as they come due (see page 68 for complete details).

**City of Marine City**  
**Notes to Financial Statements**  
**(Continued)**  
**June 30, 2008**

**NOTE 7: INTERFUND/COMPONENT UNIT RECEIVABLES AND PAYABLES**

During the course of operations, numerous transactions occur between individual funds and component units for goods provided or services rendered. The amounts of interfund/component units receivables and payables are as follows:

<u>Fund/Component Unit</u>	<u>Receivable</u>	<u>Fund/Component Unit</u>	<u>Payable</u>
		Major Street Fund	\$ 3,644
		Local Street Fund	5,090
		Retiree Health Insurance Trust (treated as cash)	979
		Water and Sewer Fund	172
		Tax Fund (treated as cash)	94,667
General Fund	<u>\$104,552</u>		<u>\$104,552</u>
Local Street Fund	<u>\$ 12,051</u>	Major Street Fund	<u>\$ 12,051</u>
Debt Service Fund-1991 Unlimited Tax Bonds Series A	<u>\$ 14,450</u>	Tax Fund (treated as cash)	<u>\$ 14,450</u>
		Debt Service Fund-1991 Unlimited Tax Bonds Series A Special Assessment (treated as cash)	\$ 2,777
			91
Water and Sewer Fund	<u>\$ 2,868</u>		<u>\$ 2,868</u>
Debt Services Fund-1992 Unlimited Tax Bonds Series C	<u>\$ 7,061</u>	Water and Sewer Fund	\$ 6,548
		Tax Fund (treated as cash)	513
			<u>\$ 7,061</u>
Debt Service Fund-1992 Unlimited Tax Bonds	<u>\$ 324</u>	Water and Sewer Fund	\$ 100
		Tax Fund (treated as cash)	224
			<u>\$ 324</u>
T.I.F.A.#1	<u>\$ 125</u>	General Fund	<u>\$ 125</u>
T.I.F.A. #2	<u>\$ 125</u>	General Fund	<u>\$ 125</u>
T.I.F.A. #3	<u>\$ 125</u>	General Fund	<u>\$ 125</u>

**NOTE 8: FUND BALANCE/RETAINED EARNINGS RESERVATIONS/DESIGNATIONS**

*Water and Sewer Fund:*

Retained Earnings Reserved:

For asset replacement per Bond Ordinance 48, as amended by 48A and 57	\$ 5,000
For sewer construction	9,266
	<u>\$ 14,266</u>



**City of Marine City**  
**Notes to Financial Statements**  
**(Continued)**  
**June 30, 2008**

**NOTE 9: RISK FINANCING**

The City of Marine City purchases insurance coverage from independent third parties and is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by insurance purchased from independent third parties. Settled claims from these risks have not exceeded insurance coverage during the year.

**NOTE 10: INTERFUND AND COMPONENT UNIT TRANSFERS**

<u>Transfers In</u>		<u>Transfers Out</u>	
		Capital Projects	\$ 40,515
		T.I.F.A. #3	66,713
		Retiree Health	140,578
General Fund	<u>\$247,806</u>		<u>\$247,806</u>
Local Street Fund	<u>\$ 49,065</u>	Major Street Fund	<u>\$ 49,065</u>
		Debt Retirement –	
		Public Improvement	\$ 8,079
		T.I.F.A. #2	35,000
1991 Unlimited Tax Bonds -		T.I.F.A. #3	85,000
Series A	<u>\$128,079</u>		<u>\$128,079</u>
		General Fund	\$111,225
Water and Sewer Fund	<u>\$245,000</u>	Capital Projects	133,775
			<u>\$245,000</u>
		General Fund	\$ 3,930
Capital Improvements	<u>\$ 34,930</u>	Water and Sewer Fund	31,000
			<u>\$ 34,930</u>
		General Fund	\$ 17,325
Cemetery Fund	<u>\$ 21,990</u>	Cemetery Trust	4,665
			<u>\$ 21,990</u>
Special Assessment	<u>\$ 875</u>	Water and Sewer Fund	<u>\$ 875</u>

The above transfers were made to provide various permissible interfund subsidies and reimbursements.

The transfers from the Capital Projects Fund and T.I.F.A.'s to the General Fund were subsidies for specific projects.

The transfers from the Retiree Health Care Fund to various other funds were to subsidize the cost of retiree health care contributions.

The transfer from the Major Street Fund to the Local Street Fund is an annual subsidy equal to 25% of the State highway funds received by the Major Street Fund.

The transfers from T.I.F.A. #2 and T.I.F.A. #3 to the 1991 Unlimited Tax Bond - Series A Fund is an annual transfer of those funds' share of the annual debt obligation paid by the debt fund.





**City of Marine City**  
**Notes to Financial Statements**  
**(Continued)**  
**June 30, 2008**

**NOTE 11: LEASES**

The City has entered into a lease for copying equipment. Minimum lease payments under this agreement total \$2,220 for the year ended June 30, 2009. The City has also entered into a lease for the police department facility which is on a month-to-month basis. These leases have been treated as operating leases. Lease expense for the period amounted to \$97,618.

**NOTE 12: EMPLOYEE RETIREMENT SYSTEM**

**A. PLAN DESCRIPTION**

The City of Marine City Retirement System is a single-employer defined benefit pension plan administered by the City of Marine City. The plan provides retirement benefits to plan members and beneficiaries. The City Council of the City of Marine City has the authority to establish and amend benefit provisions. The City does not issue a stand-alone financial report for this Fund.

Substantially all of the City's employees participate in the City of Marine City Retirement System. The payroll for employees covered by the Retirement System for the year ended June 30, 2008, was approximately \$1,388,070, with payroll for the year totaling approximately \$1,900,000. Membership in the Retirement System as of June 30, 2007 (latest actuarial report available), is comprised of the following:

<u>Group</u>	<u>Employees</u>
Retirees and beneficiaries currently receiving benefits	18
Active employees - fully vested	14
- nonvested	14

Employees attaining the age of 55 who have completed 25 or more continuous years of service or who have attained the age of 60 with 10 or more years of service are entitled to annual benefits of 2.25 percent (2.0 percent prior to 2003) of their final average compensation for each year of continuous service. Benefits are reduced by .005 for each month, or fraction thereof, by which the date of benefit commencement precedes the member's attainment of age 60.

The Retirement System allows early retirement at the completion of 15 years of continuous service. Active employees, with 10 or more years of service, who become disabled, are entitled to the same benefit as if voluntarily retired. Disability benefits are paid until the earlier of death or recovery from disability. If the disabled member becomes gainfully employed, the pension benefit is reduced by the amount so earned.



**City of Marine City  
Notes to Financial Statements  
(Continued)  
June 30, 2008**

**NOTE 12: EMPLOYEE RETIREMENT SYSTEM (Continued)**

**A. PLAN DESCRIPTION (Continued)**

Retiring members have the option of any of the following benefit payment plans:

1. Level straight life pension
2. Refund of a percentage, up to 100%, of the member's accumulated contributions, excluding interest, on the effective date of retirement
3. 100% survivor pension - member to receive reduced benefit with provision for survivor to receive same benefit for life upon member's death
4. 50% survivor pension - member to receive reduced benefit with provision for survivor to receive 1/2 of benefit for life upon member's death
5. Social security coordinated - member to receive increased benefit until age 65 and reduced benefit thereafter

In the event that all level straight life or social security coordinated payments terminate before the member's accumulated contributions are paid, the remainder is to be paid to the member's survivor.

If an employee terminates employment with the City and is not eligible for any other benefits under the Retirement System, the employee is entitled to the following:

- If voluntary retirement conditions have not been met - may receive lump sum payment equal to the larger of (1) the actuarial equivalent of the deferred pension, or (2) their accumulated contributions.
- If voluntary retirement conditions have been met - may receive vested benefits at normal retirement age.

**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS**

The Pension Fund uses the accrual method of accounting. Contributions from the City and the City's employees are recognized as revenue in the period in which employees provide services to the City. Investment income is recognized as earned by the pension plan. Benefits and refunds are recognized when paid.

Assets are recorded at market for reporting purposes and at market for actuarial valuation.

Investments, other than U.S. Government securities, that represent 5% or more of the plan's assets are as follows:

<u>Investments</u>	<u>% of Plan Assets</u>
Paine Webber Trust Company	99.0%

**C. FUNDING POLICY**

The contribution requirements of plan members and the City are established and may be amended by the City Council. Plan members are required to contribute 5% of their annual covered salary. The City is required to contribute at an actuarially determined rate; the current rate is 10.99% of annual covered payroll.

The costs of administering the plan are paid from plan assets.



**City of Marine City**  
**Notes to Financial Statements**  
**(Continued)**  
**June 30, 2008**

**NOTE 12: EMPLOYEE RETIREMENT SYSTEM (Continued)**

**D. FUND BALANCE ALLOCATION**

	Total Reserved <u>Fund Balance</u>	Fund Balance Reserved For Employee <u>Contribution</u>	Fund Balance Reserved For Employer <u>Contribution</u>	Fund Balance Reserved For <u>Annuities</u>	Unallocated Fund <u>Balance</u>
Balance at July 1, 2007	\$6,621,916	\$1,349,631	\$2,581,802	\$2,690,483	\$ --
Additions:					
Employee contributions	71,387	71,387	--	--	--
Employer contributions	155,067	--	155,067	--	--
Interest earnings	49,522	--	--	--	49,522
Unrealized gain	( 233,493)	--	--	--	( 233,493)
Total Balance and Add.	6,664,399	1,421,018	2,736,869	2,690,483	( 183,971)
Trans. (net of ann. purchase)	--	34,633	(212,008)	(63,058)	240,433
Total Revised Balances	6,664,399	1,455,651	2,524,861	2,627,425	56,462
Deductions:					
Administration	56,462	--	--	--	56,462
Annuities	281,009	--	--	281,009	--
Balance at June 30, 2008	<u>\$6,326,928</u>	<u>\$1,455,651</u>	<u>\$2,524,861</u>	<u>\$2,346,416</u>	<u>\$ --</u>

**E. ANNUAL PENSION COST AND NET PENSION OBLIGATION**

The City's annual pension cost for the current year totaled \$155,056, and there was no net pension obligation as of the latest valuation date of June 30, 2007. The annual required contribution for the current year was determined as part of the June 30, 2007, actuarial valuation using an individual entry-age actuarial funding method. The actuarial assumptions included: (a) 7.25% investment rate of return (net of administrative expenses), (b) a long-term inflation rate of 4.5%, (c) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (d) additional projected salary increases ranging from 0.2% to 4.0% per year, depending on age, attributable to seniority/merit, (e) the assumptions that benefits will not increase after retirement, and (f) market value of plan assets at actuarial plan date are used to determine the actuarial value of assets.

There was an unfunded actuarial accrued liability of \$473,325 at June 30, 2007.

The schedule of funding progress for the plan can be found on Page 38.



**City of Marine City**  
**Notes to Financial Statements**  
**(Continued)**  
**June 30, 2008**

**NOTE 13: DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with IRC Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years.

The City matches employee contributions for those employees who elect not to participate in the City's pension plan. Currently, the City is matching contributions for three employees. The City Council approves the matching contribution rate each year.

All amounts of compensation deferred under the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights are held in trust for the exclusive benefit of participants and their beneficiaries.

It is the opinion of the City that the City has no liability for losses under the plan, but does have the duty of care that would be required of an ordinary prudent investor.

**NOTE 14: CONTINGENCIES**

The City's landfill has not been operated for several years. As of June 30, 2001, the State of Michigan has agreed to supervise and finance the closure of this landfill. The City will be responsible on an on-going basis for the treatment of leachate generated by the site.

**NOTE 15: WORKING CAPITAL**

The Water Supply and Sewage Disposal Fund has a working capital balance of \$455,412 at June 30, 2008.

**NOTE 16: POSTRETIREMENT BENEFITS**

The City has agreed to provide postretirement hospitalization insurance to all of its employees as follows:

The City's obligations for these benefits are established by labor contracts. Currently, under these contracts, the City is responsible for 100% of the cost of these benefits, and eligibility is the same as required for pension benefits.

The City has established the Retirees' Health Insurance Fund, to establish a fund to temporarily set aside funds for this obligation on a voluntary basis. This has been treated as a special revenue fund. Commencing July 1, 2004, the City has established a Retiree Health Trust Fund. The City intends to fund this cost annually, on an actuarially determined basis, but historically, the City has funded the Retiree's Health Insurance on a pay-as-you-go basis.

This plan covered 28 members as of the last actuarial report, dated June 30, 2006. Contributions for the current year were \$229,409, and benefits paid totaled \$100,034.

The City's most recent actuarial study, covering retirees' health care, indicates the following:

Assumed rate of inflation: 4.5% per year  
Assumed investment return: 7.25% per year  
Actuarial funding method: entry age cost  
Projected increase in health care cost: 4.5% per year  
Required contribution as percent of payroll: 18.42%  
Required contribution for fiscal year ending 6/30/08: \$314,178



**City of Marine City**  
**Notes to Financial Statements**  
**(Continued)**  
**June 30, 2008**

**NOTE 16: POSTRETIREMENT BENEFITS (Continued)**

As of June 30, 2006, the City's Retiree Health Care Trust had net assets of \$177,326 and an accrued actuarial liability of \$3,768,713, resulting in an unfunded accrued liability of \$3,591,387. Prior data regarding funding progress is not available.

**NOTE 17: FUND BALANCE/PRIOR PERIOD ADJUSTMENTS**

During the year, the beginning fund balances for the 1991 Unlimited Tax Bond Series A and the Public Improvement Bonds Fund were adjusted by \$72 to reflect an error in delinquent personal property tax allocations.



## **SUPPLEMENTAL INFORMATION**

**City of Marine City  
Pension Trust Fund  
Required Supplementary Information  
June 30, 2008  
(Per latest actuarial report dated June 30, 2007)**

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets# (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Active Member Covered Payroll (c)	Unfunded AAL as a Percentage of Active Member Covered Payroll ((b - a)/c)
(\$ amounts in thousands)						
06/30/94	\$ **	\$ **	\$ **	** %	\$ **	\$ **
06/30/95	2,790	2,215	(575)	126.0	1,097	--
06/30/96	3,201	2,610	(591)	122.6	1,140	--
06/30/97	3,732	2,850	(882)	130.9	1,264	--
06/30/98	4,299	3,435	(863)	125.2	1,293	--
06/30/99	4,685	3,866	(819)	121.2	1,401	--
06/30/00	4,985	4,167	(818)	119.6	1,342	--
06/30/01	5,286	4,527	(815)	118.2	1,468	--
06/30/02	5,464	4,854	(610)	112.6	1,471	--
06/30/03	5,397	5,901	505	91.4	1,317	38.3
06/30/04*	5,384	5,952	568	90.5	1,370	41.5
06/30/05	5,575	6,358	783	87.7	1,510	51.9
06/30/06	5,911	6,536	625	90.4	1,513	41.3
06/30/07	6,395	6,868	473	93.1	1,493	31.7

Analysis of the dollar amounts of actuarial value of assets, actuarial accrued liability, or unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the system's funded status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. The unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress being made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Beginning July 1	Actuarial Valuation Date June 30	Annual Required Contribution	Percent Contributed
1994	1993	\$ 81,587	100 %
1995	1994	95,068	100
1996	1995	89,606	100
1997	1996	88,652	100
1998	1997	81,304	100
1999	1998	52,176	100
2000	1999	45,946	100
2001	2000	39,569	100
2002	2001	40,921	100
2003	2002	50,414	100
2004	2003	58,921	100
2005	2004	161,159	100
2006	2005	164,557	100
2007	2006	172,895	100

# Market value

\*\* Actuarial information is unavailable for these years.

For required supplementary information see Note 12.

\* During the year, the City increased pension benefits by 11.25%.



**City of Marine City**  
**Combining Statement of Net Assets**  
**Component Units**  
**June 30, 2008**

	<u>T.I.F.A. #1</u>	<u>T.I.F.A. #2</u>	<u>T.I.F.A. #3</u>	<u>Total Component Units</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 187,099	\$ 489,837	\$ 1,446,255	\$ 2,123,191
Due from primary government	125	125	125	375
<b>Total Assets</b>	<u>187,224</u>	<u>489,962</u>	<u>1,446,380</u>	<u>2,123,566</u>
<b>Liabilities</b>				
Accounts payable	9,600	169	169	9,938
Accrued wages and vacation pay	42	42	42	126
Accrued interest payable	3,445	--	--	3,445
Current portion of debt	20,000	--	--	20,000
Long-term obligations, net of current portion	275,000	--	--	275,000
<b>Total Liabilities</b>	<u>308,087</u>	<u>211</u>	<u>211</u>	<u>308,509</u>
<b>Net Assets</b>				
Unrestricted	(120,863)	489,751	1,446,169	1,815,057
<b>Total Net Assets</b>	<u>\$ (120,863)</u>	<u>\$ 489,751</u>	<u>\$ 1,446,169</u>	<u>\$ 1,815,057</u>





**City of Marine City**  
**Combining Statement of Activities**  
**Component Units**  
**For the Year Ended June 30, 2008**

	T.I.F.A. #1	T.I.F.A. #2	T.I.F.A. #3	Total Component Units
<b>Expenses</b>				
General government	\$ 111,754	\$ 5,113	\$ 5,275	\$ 122,142
Debt service interest	14,692	--	--	14,692
Transfers to primary government	--	47,939	151,713	199,652
<b>Total Expenses</b>	<u>126,446</u>	<u>53,052</u>	<u>156,988</u>	<u>336,486</u>
<b>Program Revenues</b>				
Charges for services	--	--	--	--
Operating grants and contributions	--	--	--	--
Capital grants and contributions	--	--	--	--
<b>Total Program Revenues</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Net Program Revenues (Expenses)</b>	<u>(126,446)</u>	<u>(53,052)</u>	<u>(156,988)</u>	<u>(336,486)</u>
<b>General Revenue</b>				
Tax collections	76,452	81,821	296,652	454,925
Interest revenue	8,098	16,130	45,797	70,025
<b>Total General Revenues</b>	<u>84,550</u>	<u>97,951</u>	<u>342,449</u>	<u>524,950</u>
<b>Change in Net Assets</b>	<u>(41,896)</u>	<u>44,899</u>	<u>185,461</u>	<u>188,464</u>
<i>Net Assets at Beginning of Period</i>	<u>(78,967)</u>	<u>444,852</u>	<u>1,260,708</u>	<u>1,626,593</u>
<b>Net Assets at End of Period</b>	<u>\$ (120,863)</u>	<u>\$ 489,751</u>	<u>\$ 1,446,169</u>	<u>\$ 1,815,057</u>

**City of Marine City  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2008**

	Special Revenue			Debt Service		Capital Projects		Permanent		Total Nonmajor Governmental Funds
	Woodlawn Cemetery	Retiree Health Fund	Library Fund	Public Improvement Bonds	1992 Unlittad Tax Bonds- Series C	1992 Limited Tax Bonds	Capital Improvement	Cemetery Perpetual Care		
<b>Assets</b>										
Cash and cash equivalents	\$ 30,004	\$ --	\$ 15,512	\$ --	\$ 2,314	\$ 7,383	\$ 216,096	\$ 137,014	\$	\$ 408,323
Taxes receivable	--	--	--	--	462	224	--	--	--	686
Other assets	--	--	10	--	--	--	--	--	--	10
Due from other funds	--	--	--	--	6,548	100	--	--	--	6,648
<b>Total Assets</b>	<b>\$ 30,004</b>	<b>\$ --</b>	<b>\$ 15,522</b>	<b>\$ --</b>	<b>\$ 9,324</b>	<b>\$ 7,707</b>	<b>\$ 216,096</b>	<b>\$ 137,014</b>	<b>\$</b>	<b>\$ 415,667</b>
<b>Liabilities</b>										
Accounts payable	\$ 2,082	\$ --	\$ --	\$ --	\$ --	--	\$ --	\$ --	\$	\$ 2,082
Accrued wages and vacation pay	1,690	--	--	--	--	--	--	--	--	1,690
Deferred revenue	--	--	--	--	462	224	--	--	--	686
<b>Total Liabilities</b>	<b>3,772</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>462</b>	<b>224</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>4,458</b>
<b>Fund Balance</b>										
Reserved for	--	--	--	--	--	--	--	7,493	7,493	7,493
Perpetual care	26,232	--	15,522	--	8,862	7,483	216,096	129,521	403,716	403,716
Unreserved	26,232	--	15,522	--	8,862	7,483	216,096	137,014	411,209	411,209
<b>Total Fund Balance</b>	<b>\$ 30,004</b>	<b>\$ --</b>	<b>\$ 15,522</b>	<b>\$ --</b>	<b>\$ 9,324</b>	<b>\$ 7,707</b>	<b>\$ 216,096</b>	<b>\$ 137,014</b>	<b>\$</b>	<b>\$ 415,667</b>
<b>Total Liabilities and Fund Balance</b>										



**City of Marine City**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2008**

	Special Revenue			Debt Service		Capital Projects	Permanent Cemetery Perpetual Care	Total Nonmajor Governmental Funds
	Woodlawn Cemetery	Retiree Health Fund	Library Fund	Public Improvement Bonds	1992 Unlimited Tax Bonds-Series C			
<b>Revenues</b>								
Tax collections	\$ --	\$ --	\$ --	\$ --	19,211	\$ 6	\$ --	\$ 19,217
User fees and other charges	21,184	--	--	--	6,548	22,100	--	49,832
Interest revenue	551	4,096	744	--	557	377	4,901	22,539
<b>Total Revenues</b>	<b>21,735</b>	<b>4,096</b>	<b>744</b>	<b>--</b>	<b>26,316</b>	<b>22,483</b>	<b>4,901</b>	<b>91,588</b>
<b>Expenditures</b>								
General government	--	--	--	--	182	176	--	358
Recreation and cultural	--	--	7,793	--	--	--	--	7,793
Debt service principal	--	--	--	--	20,000	20,000	--	40,000
Debt service interest	--	--	--	--	2,300	1,600	--	3,900
Cemetery operations	32,001	--	--	--	--	--	--	32,001
<b>Total Expenditures</b>	<b>32,001</b>	<b>--</b>	<b>7,793</b>	<b>--</b>	<b>22,482</b>	<b>21,776</b>	<b>--</b>	<b>84,052</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(10,266)</b>	<b>4,096</b>	<b>(7,049)</b>	<b>--</b>	<b>3,834</b>	<b>707</b>	<b>4,901</b>	<b>7,536</b>
<b>Other Financing Sources (Uses)</b>								
Transfers from other funds	21,990	--	--	--	--	--	--	56,920
Transfers to other funds	--	(140,578)	--	(8,079)	--	--	(4,665)	(327,612)
<b>Net Other Financing Sources (Uses)</b>	<b>21,990</b>	<b>(140,578)</b>	<b>--</b>	<b>(8,079)</b>	<b>--</b>	<b>--</b>	<b>(4,665)</b>	<b>(270,692)</b>
<b>Net Change in Fund Balance</b>	<b>11,724</b>	<b>(136,482)</b>	<b>(7,049)</b>	<b>(8,079)</b>	<b>3,834</b>	<b>707</b>	<b>236</b>	<b>(263,156)</b>
<b>Fund Balance at Beginning of Period (Note 17)</b>	<b>14,508</b>	<b>136,482</b>	<b>22,571</b>	<b>8,079</b>	<b>5,028</b>	<b>6,776</b>	<b>136,778</b>	<b>674,365</b>
<b>Fund Balance at End of Period</b>	<b>\$ 26,232</b>	<b>\$ --</b>	<b>\$ 15,522</b>	<b>\$ --</b>	<b>\$ 8,862</b>	<b>\$ 7,483</b>	<b>\$ 137,014</b>	<b>\$ 411,209</b>

See accompanying letter

**City of Marine City**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Retiree Health Fund**  
**For the Year Ended June 30, 2008**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance Favorable (Unfavorable) Final to Actual</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Interest	\$ 1,000	\$ 4,095	\$ 4,096	\$ 1
<b>Total Revenues</b>	<u>1,000</u>	<u>4,095</u>	<u>4,096</u>	<u>1</u>
<b>Other Financing Sources</b>	--	--	--	--
<b>Total Revenues and Other Financing Sources</b>	<u>1,000</u>	<u>4,095</u>	<u>4,096</u>	<u>1</u>
<b>Expenditures</b>	--	--	--	--
<b>Total Expenditures</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Other Financing Uses</b>				
Transfers to other funds	132,700	140,577	140,578	(1)
<b>Total Expenditures and Other Financing Uses</b>	<u>132,700</u>	<u>140,577</u>	<u>140,578</u>	<u>(1)</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	(131,700)	(136,482)	(136,482)	--
<b>Fund Balance at Beginning of Period</b>	136,482	136,482	136,482	--
<b>Fund Balance at End of Period</b>	<u>\$ 4,782</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>



**City of Marine City**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Woodlawn Cemetery**  
**For the Year Ended June 30, 2008**

	<b>Budgeted Amounts</b>			<b>Variance Favorable (Unfavorable) Final to Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
User fees and other charges	\$ 15,000	\$ 18,450	\$ 21,184	\$ 2,734
Interest	250	250	551	301
<b>Total Revenues</b>	<u>15,250</u>	<u>18,700</u>	<u>21,735</u>	<u>3,035</u>
<b>Other Financing Sources</b>				
Transfers from other funds	17,190	21,990	21,990	--
<b>Total Revenues and Other Financing Sources</b>	<u>32,440</u>	<u>40,690</u>	<u>43,725</u>	<u>3,035</u>
<b>Expenditures</b>				
Cemetery operations	32,440	40,690	32,001	8,689
<b>Total Expenditures</b>	<u>32,440</u>	<u>40,690</u>	<u>32,001</u>	<u>8,689</u>
<b>Other Financing Uses</b>	--	--	--	--
<b>Total Expenditures and Other Financing Uses</b>	<u>32,440</u>	<u>40,690</u>	<u>32,001</u>	<u>8,689</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	--	--	11,724	11,724
<b>Fund Balance at Beginning of Period</b>	14,508	14,508	14,508	--
<b>Fund Balance at End of Period</b>	<u>\$ 14,508</u>	<u>\$ 14,508</u>	<u>\$ 26,232</u>	<u>\$ 11,724</u>



**City of Marine City**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Cemetery Perpetual Care**  
**For the Year Ended June 30, 2008**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance Favorable (Unfavorable) Final to Actual</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Interest	\$ 4,500	\$ 5,000	\$ 4,901	\$ (99)
<b>Total Revenues</b>	<u>4,500</u>	<u>5,000</u>	<u>4,901</u>	<u>(99)</u>
<b>Other Financing Sources</b>	--	--	--	--
<b>Total Revenues and Other Financing Sources</b>	<u>4,500</u>	<u>5,000</u>	<u>4,901</u>	<u>(99)</u>
<b>Expenditures</b>	--	--	--	--
<b>Total Expenditures</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Other Financing Uses</b>				
Transfers to other funds	--	5,000	4,665	335
<b>Total Expenditures and Other Financing Uses</b>	<u>--</u>	<u>5,000</u>	<u>4,665</u>	<u>335</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	4,500	--	236	236
<b>Fund Balance at Beginning of Period</b>	136,778	136,778	136,778	--
<b>Fund Balance at End of Period</b>	<u>\$ 141,278</u>	<u>\$ 136,778</u>	<u>\$ 137,014</u>	<u>\$ 236</u>



**City of Marine City**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Library Fund**  
**For the Year Ended June 30, 2008**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance Favorable (Unfavorable) Final to Actual</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Interest	\$ 600	\$ 600	\$ 744	\$ 144
<b>Total Revenues</b>	<u>600</u>	<u>600</u>	<u>744</u>	<u>144</u>
<b>Other Financing Sources</b>	--	--	--	--
<b>Total Revenues and Other Financing Sources</b>	<u>600</u>	<u>600</u>	<u>744</u>	<u>144</u>
<b>Expenditures</b>				
Recreation and cultural	8,500	9,500	7,793	1,707
<b>Total Expenditures</b>	<u>8,500</u>	<u>9,500</u>	<u>7,793</u>	<u>1,707</u>
<b>Other Financing Uses</b>	--	--	--	--
<b>Total Expenditures and Other Financing Uses</b>	<u>8,500</u>	<u>9,500</u>	<u>7,793</u>	<u>1,707</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	(7,900)	(8,900)	(7,049)	1,851
<b>Fund Balance at Beginning of Period</b>	22,571	22,571	22,571	--
<b>Fund Balance at End of Period</b>	<u>\$ 14,671</u>	<u>\$ 13,671</u>	<u>\$ 15,522</u>	<u>\$ 1,851</u>



**City of Marine City**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**T.I.F.A. #1**  
**For the Year Ended June 30, 2008**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance Favorable (Unfavorable) Final to Actual</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Tax collections	\$ 76,600	\$ 76,600	\$ 76,452	\$ (148)
Interest	7,400	7,400	8,098	698
<b>Total Revenues</b>	<u>84,000</u>	<u>84,000</u>	<u>84,550</u>	<u>550</u>
<b>Other Financing Sources</b>	--	--	--	--
<b>Total Revenues and Other Financing Sources</b>	<u>84,000</u>	<u>84,000</u>	<u>84,550</u>	<u>550</u>
<b>Expenditures</b>				
General government	10,485	113,136	111,754	1,382
Debt service principal	20,000	20,000	20,000	--
Debt service interest	14,930	14,930	14,905	25
<b>Total Expenditures</b>	<u>45,415</u>	<u>148,066</u>	<u>146,659</u>	<u>1,407</u>
<b>Other Financing Uses</b>	--	--	--	--
<b>Total Expenditures and Other Financing Uses</b>	<u>45,415</u>	<u>148,066</u>	<u>146,659</u>	<u>1,407</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	38,585	(64,066)	(62,109)	1,957
<b>Fund Balance at Beginning of Period</b>	239,691	239,691	239,691	--
<b>Fund Balance at End of Period</b>	<u>\$ 278,276</u>	<u>\$ 175,625</u>	<u>\$ 177,582</u>	<u>\$ 1,957</u>





**City of Marine City**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**T.I.F.A. #2**  
**For the Year Ended June 30, 2008**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance Favorable (Unfavorable) Final to Actual</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Tax collections	\$ 81,700	\$ 81,700	\$ 81,821	\$ 121
Interest	13,000	13,000	16,130	3,130
<b>Total Revenues</b>	<u>94,700</u>	<u>94,700</u>	<u>97,951</u>	<u>3,251</u>
<b>Other Financing Sources</b>	--	--	--	--
<b>Total Revenues and Other Financing Sources</b>	<u>94,700</u>	<u>94,700</u>	<u>97,951</u>	<u>3,251</u>
<b>Expenditures</b>				
General government	3,650	31,527	18,052	13,475
<b>Total Expenditures</b>	<u>3,650</u>	<u>31,527</u>	<u>18,052</u>	<u>13,475</u>
<b>Other Financing Uses</b>				
Transfers to primary government	35,000	35,000	35,000	--
<b>Total Expenditures and Other Financing Uses</b>	<u>38,650</u>	<u>66,527</u>	<u>53,052</u>	<u>13,475</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	56,050	28,173	44,899	16,726
<b>Fund Balance at Beginning of Period</b>	444,852	444,852	444,852	--
<b>Fund Balance at End of Period</b>	<u>\$ 500,902</u>	<u>\$ 473,025</u>	<u>\$ 489,751</u>	<u>\$ 16,726</u>



**City of Marine City**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**T.I.F.A. #3**  
**For the Year Ended June 30, 2008**

	<b>Budgeted Amounts</b>			<b>Variance Favorable (Unfavorable) Final to Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Tax collections	\$ 295,300	\$ 295,300	\$ 296,652	\$ 1,352
Interest	37,000	37,000	45,797	8,797
<b>Total Revenues</b>	<u>332,300</u>	<u>332,300</u>	<u>342,449</u>	<u>10,149</u>
<b>Other Financing Sources</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Total Revenues and Other Financing Sources</b>	<u>332,300</u>	<u>332,300</u>	<u>342,449</u>	<u>10,149</u>
<b>Expenditures</b>				
General government	7,650	32,777	5,275	27,502
<b>Total Expenditures</b>	<u>7,650</u>	<u>32,777</u>	<u>5,275</u>	<u>27,502</u>
<b>Other Financing Uses</b>				
Transfers to primary government	85,000	163,680	151,713	11,967
<b>Total Expenditures and Other Financing Uses</b>	<u>92,650</u>	<u>196,457</u>	<u>156,988</u>	<u>39,469</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>239,650</u>	<u>135,843</u>	<u>185,461</u>	<u>49,618</u>
<b>Fund Balance at Beginning of Period</b>	<u>1,260,708</u>	<u>1,260,708</u>	<u>1,260,708</u>	<u>--</u>
<b>Fund Balance at End of Period</b>	<u>\$ 1,500,358</u>	<u>\$ 1,396,551</u>	<u>\$ 1,446,169</u>	<u>\$ 49,618</u>



**City of Marine City**  
**Schedule of General Fund Revenue and Other Financing Sources**  
**For The Year Ended June 30, 2008**

	Original Budget	Amended Budget	Actual	Variance
402.000 CURRENT PROPERTY TAX	\$ 1,975,000.00	\$ 1,991,000.00	\$ 1,997,399.40	\$ -6,399.40
407.000 DELINQUENT PROP TAX	6,000.00	7,700.00	7,730.04	-30.04
437.000 PROPERTY TAX-IFT	23,775.00	23,775.00	23,997.86	-222.86
445.000 PENALTY & INTEREST-TAXES	11,000.00	30,000.00	30,661.06	-661.06
451.000 LICENSES	2,500.00	14,500.00	14,966.32	-466.32
452.000 CABLE TV FRANCHISE FEE	20,000.00	20,000.00	29,707.03	-9,707.03
456.000 TRAILER PARK FEE	160.00	160.00	113.00	47.00
477.000 PERMITS	15,000.00	15,000.00	20,449.00	-5,449.00
506.000 FEDERAL GRANT-HOMELAND SEC.	0.00	0.00	69,633.82	-69,633.82
507.000 FEDERAL GRANT-DRIVE SAFE	0.00	1,400.00	1,463.65	-63.65
574.000 SALES TAX	495,000.00	495,000.00	486,291.00	8,709.00
574.001 TELECOMMUNICATIONS ROW FUNDS	12,500.00	12,500.00	12,823.64	-323.64
575.000 LIQUOR LICENSE	3,950.00	3,950.00	3,728.45	221.55
587.003 LOCAL GRANT REV-PROP ACQ.	0.00	49,000.00	49,000.00	0.00
608.000 ZONING & VARIANCE FEE	500.00	500.00	1,050.00	-550.00
610.000 SITE PLAN FEE	500.00	500.00	300.00	200.00
611.000 SEX OFFENDER REGISTRATION FEE	0.00	0.00	10.00	-10.00
628.000 RECREATION	15,190.00	15,500.00	15,698.65	-198.65
629.000 RECREATION MILLAGE	18,000.00	18,000.00	0.00	18,000.00
632.000 FIRE PROTECTION	134,500.00	125,350.00	125,357.94	-7.94
640.000 REFUSE	205,110.00	205,110.00	204,432.75	677.25
641.000 CHARGE FOR SERVICES	13,000.00	13,000.00	14,984.40	-1,984.40
650.000 MISCELLANEOUS REVENUE	25,000.00	15,000.00	19,742.03	-4,742.03
650.300 MISC. REV.-LIBRARY EXP.	0.00	16,000.00	15,907.28	92.72
652.000 WEED CUTTING SERVICES	750.00	750.00	3,691.73	-2,941.73
655.000 COURT FINES	22,000.00	11,000.00	12,512.94	-1,512.94
656.000 CRIMINAL OFFENSE REG. FEES	50.00	50.00	0.00	50.00
665.000 INTEREST	40,000.00	60,000.00	62,354.83	-2,354.83
666.000 INTEREST-SPECIAL ASSESSMENT	100.00	100.00	100.89	-0.89
667.000 RENT	40,000.00	59,500.00	61,225.68	-1,725.68
667.001 CELLULAR TOWER LEASE	9,100.00	9,100.00	9,100.00	0.00
673.001 SALE OF FIXED ASSETS	0.00	1,000.00	1,000.00	0.00
674.000 DONATIONS	500.00	500.00	1,608.73	-1,108.73
674.002 DONATIONS-PARK BENCHES	0.00	1,400.00	1,437.00	-37.00
677.000 FUNDING FOR CAPITAL LEASES	0.00	79,800.00	79,799.00	1.00
697.001 LOAN PROCEEDS-131 S. WATER	0.00	145,000.00	145,000.00	0.00
699.000 CONT. FROM OTHER FUNDS	132,700.00	247,795.00	247,805.53	-10.53
<b>TOTAL REVENUE AND OTHER FINANCING SOURCES</b>	<b>\$ 3,221,885.00</b>	<b>\$ 3,688,940.00</b>	<b>\$ 3,771,083.65</b>	<b>\$ -82,143.65</b>

**City of Marine City**  
**Schedule of General Fund Expenditures and Other Financing Uses**  
**For the Year Ended June 30, 2008**

	Original Budget	Amended Budget	Actual	Variance
<b>City Commission:</b>				
704.000 OFFICIALS COMPENSATION	8,000.00	5,875.00	5,866.60	8.40
715.000 FICA-EMPLOYER	460.00	460.00	448.79	11.21
727.000 OFFICE SUPPLY	0.00	10.00	1.09	8.91
728.000 POSTAGE	25.00	15.00	0.00	15.00
729.000 PRINTING	225.00	350.00	345.01	4.99
740.000 GENERAL SUPPLY	100.00	40.00	17.99	22.01
802.000 CONTRACTUAL SERV	0.00	1,630.00	1,078.00	554.00
803.000 DUES/MEMBERSHIPS	4,525.00	4,525.00	4,500.00	25.00
868.000 LODGING	0.00	575.00	555.00	20.00
869.000 MEALS	0.00	30.00	28.83	3.17
870.000 TRAVEL EXPENSE	0.00	400.00	111.10	288.90
880.000 COMMUNITY PROMOTION	1,400.00	1,900.00	1,327.55	572.45
901.000 ADVERTISING	0.00	275.00	275.00	0.00
959.000 TRAINING/TUITION	250.00	600.00	485.00	115.00
970.000 CAPITAL OUTLAY	0.00	3,100.00	3,087.36	12.64
<b>Total City Commission</b>	<b>12,985.00</b>	<b>19,785.00</b>	<b>18,123.32</b>	<b>1,661.68</b>
<b>City Manager:</b>				
702.000 WAGES-FULL TIME	49,000.00	35,870.00	35,226.89	643.11
703.000 WAGES-PART TIME	0.00	4,880.00	4,875.50	4.50
715.000 FICA-EMPLOYER	3,750.00	3,125.00	3,051.37	73.63
716.000 HOSPITAL INSURANCE	19,390.00	17,130.00	12,836.34	4,293.66
717.000 LIFE INSURANCE	375.00	375.00	305.64	89.36
718.000 RETIREMENT	2,450.00	3,915.00	3,305.00	610.00
725.000 PHYSICAL EXAMS	0.00	75.00	89.00	6.00
727.000 OFFICE SUPPLY	575.00	1,000.00	950.43	49.57
728.000 POSTAGE	75.00	200.00	119.78	80.22
729.000 PRINTING	300.00	300.00	193.52	106.48
740.000 GENERAL SUPPLY	0.00	210.00	202.52	7.48
781.000 EQUIPMENT MAINTENANCE	250.00	270.00	267.50	2.50
801.000 PROFESSIONAL SERV.	0.00	7,405.00	7,404.43	0.57
803.000 DUES/MEMBERSHIPS	575.00	660.00	855.60	4.40
805.000 SERVICE CHARGES	0.00	15.00	11.06	3.94
853.000 PHONE EXPENSE	1,100.00	1,160.00	1,158.31	1.89
869.000 MEALS	850.00	850.00	85.90	764.10
870.000 TRAVEL EXPENSE	500.00	620.00	618.40	1.60
957.000 MISCELLANEOUS EXPENSE	0.00	75.00	75.00	0.00
959.000 TRAINING/TUITION	0.00	40.00	37.00	3.00
970.000 CAPITAL OUTLAY	0.00	2,810.00	2,789.01	20.99
<b>Total City Manager</b>	<b>79,190.00</b>	<b>80,985.00</b>	<b>74,238.20</b>	<b>6,746.60</b>
<b>Assessor:</b>				
704.000 OFFICIALS COMPENSATION	1,050.00	1,175.00	1,162.50	12.50
727.000 OFFICE SUPPLY	375.00	375.00	319.58	55.50
728.000 POSTAGE	1,150.00	1,225.00	1,215.82	9.18
729.000 PRINTING	425.00	425.00	380.91	44.09
781.000 EQUIPMENT MAINTENANCE	400.00	155.00	0.00	155.00
802.000 CONTRACTUAL SERV.	30,575.00	30,625.00	30,802.99	22.01
807.000 REGISTRATION FEES	0.00	25.00	25.00	0.00
853.000 PHONE EXPENSE	575.00	725.00	697.48	27.52
870.000 TRAVEL EXPENSE	0.00	60.00	54.18	5.82
901.000 ADVERTISING	550.00	550.00	361.80	188.20
959.000 TRAINING/TUITION	225.00	365.00	381.00	4.00
<b>Total Assessor</b>	<b>35,325.00</b>	<b>35,925.00</b>	<b>35,401.26</b>	<b>523.82</b>
<b>Legal and Professional:</b>				
801.000 PROFESSIONAL SERV.	132,000.00	120,000.00	90,900.92	29,099.08



**City of Marine City**  
**Schedule of General Fund Expenditures and Other Financing Uses**  
**For The Year Ended June 30, 2008**

	Original Budget	Amended Budget	Actual	Variance
<b>City Clerk:</b>				
702.000 WAGES-FULL TIME	23,325.00	28,000.00	27,103.89	896.11
703.000 WAGES-PART TIME	8,400.00	4,125.00	4,120.25	4.75
708.000 LONGEVITY	650.00	650.00	650.00	0.00
715.000 FICA-EMPLOYER	2,325.00	2,295.00	2,123.40	171.60
716.000 HOSPITAL INSURANCE	16,175.00	16,630.00	15,795.75	834.25
717.000 LIFE INSURANCE	250.00	250.00	207.90	42.10
718.000 RETIREMENT	2,650.00	3,150.00	3,045.66	104.34
722.000 EMPLOYER RETIREE HLTH INS CONT	3,775.00	4,500.00	4,244.38	255.62
727.000 OFFICE SUPPLY	2,000.00	2,000.00	1,100.22	899.78
728.000 POSTAGE	2,900.00	2,900.00	2,009.76	890.24
729.000 PRINTING	2,100.00	2,100.00	2,051.00	48.91
730.000 PUBLICATIONS	50.00	50.00	0.00	50.00
740.000 GENERAL SUPPLY	3,200.00	1,700.00	391.90	1,308.12
781.000 EQUIPMENT MAINTENANCE	500.00	500.00	105.00	395.00
802.000 CONTRACTUAL SERV.	250.00	5,250.00	4,265.00	985.00
803.000 DUES/MEMBERSHIPS	250.00	250.00	215.00	35.00
607.000 REGISTRATION FEES	75.00	200.00	132.00	68.00
853.000 PHONE EXPENSE	1,475.00	1,475.00	1,250.80	224.20
868.000 LODGING	500.00	500.00	357.00	143.00
869.000 MEALS	800.00	800.00	483.72	316.28
870.000 TRAVEL EXPENSE	700.00	700.00	685.71	14.29
901.000 ADVERTISING	7,500.00	8,420.00	8,412.52	7.48
959.000 TRAINING/TUITION	800.00	800.00	600.00	200.00
<b>Total City Clerk</b>	<b>78,650.00</b>	<b>87,245.00</b>	<b>79,350.86</b>	<b>7,894.07</b>
<b>City Treasurer:</b>				
702.000 WAGES-FULL TIME	50,000.00	56,700.00	52,511.83	4,188.17
708.000 LONGEVITY	1,475.00	1,475.00	1,475.00	0.00
715.000 FICA-EMPLOYER	3,950.00	4,450.00	4,169.38	260.64
716.000 HOSPITAL INSURANCE	51,725.00	49,720.00	47,636.95	2,083.05
717.000 LIFE INSURANCE	500.00	500.00	448.14	51.86
718.000 RETIREMENT	5,675.00	6,400.00	5,877.42	522.58
722.000 EMPLOYER RETIREE HLTH INS CONT	6,075.00	9,125.00	8,388.77	736.23
727.000 OFFICE SUPPLY	2,200.00	2,145.00	2,111.30	33.72
728.000 POSTAGE	3,300.00	3,300.00	3,051.48	248.52
729.000 PRINTING	1,500.00	1,500.00	875.17	624.83
730.000 PUBLICATIONS	75.00	130.00	127.00	3.00
761.000 EQUIPMENT MAINTENANCE	600.00	0.00	0.00	-0.02
802.000 CONTRACTUAL SERV.	5,300.00	5,300.00	5,142.50	157.50
803.000 DUES/MEMBERSHIPS	375.00	575.00	575.00	0.00
805.000 SERVICE CHARGES	25.00	25.00	-139.43	164.43
853.000 PHONE EXPENSE	1,100.00	1,200.00	1,177.38	22.62
866.000 LODGING	500.00	300.00	299.25	0.75
869.000 MEALS	100.00	100.00	44.15	55.85
870.000 TRAVEL EXPENSE	400.00	400.00	372.58	27.42
957.000 MISCELLANEOUS EXPENSE	0.00	5.00	4.00	1.00
959.000 TRAINING/TUITION	850.00	650.00	625.00	25.00
<b>Total City Treasurer</b>	<b>137,725.00</b>	<b>144,000.00</b>	<b>134,772.85</b>	<b>9,227.15</b>

**City of Marine City**  
**Schedule of General Fund Expenditures and Other Financing Uses**  
**For the Year Ended June 30, 2008**

	Original Budget	Amended Budget	Actual	Variance
<b>Buildings and Grounds:</b>				
702.000 WAGES-FULL TIME	14,900.00	25,350.00	25,348.01	1.99
703.000 WAGES-PART TIME	0.00	1,430.00	1,427.98	2.04
715.000 FICA-EMPLOYER	1,200.00	2,050.00	2,048.27	1.73
718.000 RETIREMENT	1,700.00	2,840.00	2,836.58	3.42
722.000 EMPLOYER RETIREE HLTH INS CONT	2,400.00	3,780.00	3,779.21	0.79
727.000 OFFICE SUPPLY	1,475.00	1,970.00	1,965.36	4.72
740.000 GENERAL SUPPLY	2,100.00	2,100.00	1,479.33	620.67
781.000 EQUIPMENT MAINTENANCE	150.00	9,230.00	9,229.96	0.02
801.000 PROFESSIONAL SERV	2,000.00	2,950.00	2,950.00	0.00
802.000 CONTRACTUAL SERV	30,000.00	41,000.00	40,597.64	402.36
805.000 SERVICE CHARGES	50.00	50.00	0.00	50.00
853.000 PHONE EXPENSE	0.00	800.00	593.75	8.25
921.000 ELECTRIC	10,000.00	7,500.00	7,040.56	459.44
923.000 NATURAL GAS	7,500.00	4,000.00	3,159.04	840.96
931.000 GENERAL REPAIRS	2,300.00	3,000.00	2,286.25	711.75
933.000 BUILDING REPAIR	5,750.00	1,150.00	1,144.14	5.86
943.000 EQUIPMENT LEASE	7,000.00	6,500.00	5,503.06	996.94
970.300 MAJOR REPAIR/REPLACE	6,500.00	5,325.00	5,167.37	137.67
999.000 CONTRIBUTION TO OTHER FUNDS	10,000.00	10,000.00	10,000.00	0.00
<b>Total Buildings and Grounds</b>	<b>105,025.00</b>	<b>130,825.00</b>	<b>126,576.51</b>	<b>4,248.61</b>
<b>Watershed Council:</b>				
702.000 WAGES-FULL TIME	18,250.00	10,000.00	5,930.04	4,069.96
715.000 FICA-EMPLOYER	1,250.00	800.00	453.78	346.22
718.000 RETIREMENT	1,800.00	1,200.00	851.78	548.24
722.000 EMPLOYER RETIREE HLTH INS CONT	1,575.00	575.00	0.00	575.00
728.000 POSTAGE	25.00	25.00	0.00	25.00
729.000 PRINTING	20.00	20.00	0.00	20.00
730.000 PUBLICATIONS	300.00	300.00	0.00	300.00
740.000 GENERAL SUPPLY	50.00	50.00	0.00	50.00
801.000 PROFESSIONAL SERV.	7,500.00	7,500.00	2,155.00	5,345.00
822.000 PERMIT FEES	2,500.00	2,500.00	2,000.00	500.00
860.000 COMMUNITY PROMOTION	500.00	500.00	0.00	500.00
959.000 TRAINING/TUITION	100.00	0.00	0.00	0.00
<b>Total Watershed Council</b>	<b>31,870.00</b>	<b>23,470.00</b>	<b>11,190.58</b>	<b>12,279.42</b>
<b>Police:</b>				
702.000 WAGES-FULL TIME	452,800.00	380,115.00	378,094.55	4,020.45
703.000 WAGES-PART TIME	0.00	1,525.00	1,507.50	17.50
705.000 OVERTIME WAGES	75,000.00	75,150.00	75,144.51	5.49
708.000 LONGEVITY	4,725.00	3,900.00	3,900.00	0.00
715.000 FICA-EMPLOYER	40,750.00	36,925.00	35,762.40	1,182.60
718.000 HOSPITAL INSURANCE	159,600.00	110,000.00	102,223.18	7,776.82
717.000 LIFE INSURANCE	1,700.00	1,700.00	1,359.00	341.00
718.000 RETIREMENT	58,550.00	53,055.00	49,064.03	3,990.97
722.000 EMPLOYER RETIREE HLTH INS CONT	83,485.00	75,630.00	65,327.22	10,302.78
725.000 PHYSICAL EXAMS	0.00	425.00	425.00	0.00
727.000 OFFICE SUPPLY	2,400.00	2,000.00	1,885.73	314.27
726.000 POSTAGE	1,200.00	1,200.00	738.20	461.80
729.000 PRINTING	1,000.00	910.00	907.84	2.16
730.000 PUBLICATIONS	150.00	275.00	259.12	15.88
740.000 GENERAL SUPPLY	3,000.00	2,000.00	1,806.29	193.71
741.000 FUEL	13,000.00	13,000.00	11,037.31	1,962.69
742.000 FIREARM SUPPLIES	4,000.00	2,000.00	338.40	1,661.60
744.000 CLOTHING	5,000.00	3,000.00	1,735.86	1,264.34
749.000 LAUNDRY/CLEAN	750.00	1,850.00	1,847.00	3.00
753.000 FURNISHING/HOUSEHOLD	2,200.00	320.00	0.00	320.00
781.000 EQUIPMENT MAINTENANCE	1,900.00	1,810.00	167.75	1,642.25
801.000 PROFESSIONAL SERV	1,000.00	1,000.00	0.00	1,000.00
802.000 CONTRACTUAL SERV	44,000.00	44,000.00	36,772.71	7,227.29
803.000 DUES/MEMBERSHIPS	200.00	200.00	90.00	110.00
804.000 WITNESS FEES	225.00	225.00	19.08	205.92
805.000 SERVICE CHARGES	200.00	200.00	0.00	200.00
807.000 REGISTRATION FEES	250.00	50.00	0.00	50.00
809.000 FINES/CITATIONS	0.00	500.00	500.00	0.00
851.000 RADIO MAINTENANCE	3,000.00	3,000.00	1,270.22	1,729.78
853.000 PHONE EXPENSE	10,000.00	13,500.00	13,428.42	71.88
863.000 VEHICLE MAINTENANCE	9,000.00	10,100.00	6,110.56	3,989.44
866.000 LODGING	500.00	410.00	0.00	410.00
869.000 MEALS	400.00	400.00	0.00	400.00
870.000 TRAVEL EXPENSE	400.00	400.00	257.78	142.22
880.000 COMMUNITY PROMOTION	0.00	280.00	276.80	3.20
921.000 ELECTRIC	5,000.00	4,975.00	3,456.85	1,518.15
923.000 NATURAL GAS	4,000.00	4,000.00	2,092.97	1,907.03
933.000 BUILDING REPAIR	0.00	90.00	85.50	4.50
941.000 BUILDING LEASE	27,800.00	27,800.00	27,600.00	0.00
943.000 EQUIPMENT LEASE	4,530.00	5,260.00	5,257.90	2.10
959.000 TRAINING/TUITION	8,000.00	5,000.00	3,769.65	1,230.35
970.000 CAPITAL OUTLAY	0.00	1,765.00	53,431.55	-51,666.54
995.000 INTEREST EXPENSE	1,865.00	1,155.00	1,151.91	3.06
<b>Total Police</b>	<b>1,029,380.00</b>	<b>890,900.00</b>	<b>886,902.59</b>	<b>3,997.52</b>



**City of Marine City**  
**Schedule of General Fund Expenditures and Other Financing Uses**  
**For the Year Ended June 30, 2008**

	Original Budget	Amended Budget	Actual	Variance
<b>Fire:</b>				
702.000 WAGES-FULL TIME	47,300.00	50,000.00	49,536.48	463.52
703.000 WAGES-PART TIME	97,200.00	90,000.00	87,178.10	2,821.90
708.000 LONGEVITY	650.00	850.00	650.00	0.00
711.000 FIRE DEPARTMENT DEATH BENEFIT	3,000.00	3,000.00	0.00	3,000.00
715.000 FICA-EMPLOYER	11,125.00	11,125.00	10,508.36	616.64
716.000 HOSPITAL INSURANCE	14,000.00	14,000.00	13,995.34	4.66
717.000 LIFE INSURANCE	1,900.00	1,900.00	1,433.70	466.30
718.000 RETIREMENT	5,275.00	5,525.00	5,511.82	13.18
722.000 EMPLOYER RETIREE HLTH INS CONT	7,525.00	7,775.00	7,773.80	1.20
725.000 PHYSICAL EXAMS	2,500.00	1,500.00	748.00	754.00
727.000 OFFICE SUPPLY	1,000.00	1,100.00	805.02	294.98
728.000 POSTAGE	150.00	100.00	16.19	83.81
729.000 PRINTING	500.00	300.00	265.19	34.81
730.000 PUBLICATIONS	400.00	270.00	269.06	0.94
740.000 GENERAL SUPPLY	4,000.00	8,400.00	6,591.63	1,808.37
741.000 FUEL	3,500.00	4,500.00	4,408.24	91.76
744.000 CLOTHING	13,000.00	11,200.00	9,911.53	1,288.48
749.000 LAUNDRY/CLEAN	150.00	150.00	0.00	150.00
753.000 FURNISHING/HOUSEHOLD	300.00	275.00	249.99	25.01
780.000 CUSTODIAL SUPPLY	1,000.00	1,000.00	652.17	347.81
781.000 EQUIPMENT MAINTENANCE	3,000.00	1,900.00	1,261.65	818.35
801.000 PROFESSIONAL SERV.	400.00	0.00	0.00	0.00
802.000 CONTRACTUAL SERV.	4,000.00	3,000.00	2,887.71	112.29
803.000 DUES/MEMBERSHIPS	700.00	700.00	330.00	370.00
805.000 SERVICE CHARGES	50.00	55.00	52.55	2.45
807.000 REGISTRATION FEES	50.00	50.00	0.00	50.00
851.000 RADIO MAINTENANCE	3,000.00	3,000.00	2,020.00	980.00
853.000 PHONE EXPENSE	9,900.00	3,000.00	2,507.80	492.20
863.000 VEHICLE MAINTENANCE	12,000.00	9,400.00	7,004.05	2,395.95
868.000 LODGING	100.00	100.00	0.00	100.00
869.000 MEALS	300.00	300.00	31.25	266.75
870.000 TRAVEL EXPENSE	100.00	100.00	0.00	100.00
880.000 COMMUNITY PROMOTION	700.00	700.00	592.98	107.02
901.000 ADVERTISING	300.00	300.00	0.00	300.00
921.000 ELECTRIC	8,900.00	9,540.00	9,539.58	0.42
923.000 NATURAL GAS	5,500.00	5,500.00	3,757.17	1,742.83
933.000 BUILDING REPAIR	5,000.00	3,000.00	2,538.18	461.82
943.000 EQUIPMENT LEASE	27,175.00	44,650.00	44,645.60	4.40
957.000 MISCELLANEOUS EXPENSE	1,100.00	1,100.00	0.00	1,100.00
959.000 TRAINING/TUITION	7,000.00	5,855.00	4,443.90	1,411.10
970.000 CAPITAL OUTLAY	0.00	50,800.00	66,748.07	-17,948.07
970.300 MAJOR REPAIR/REPLACE	15,000.00	11,750.00	11,828.81	121.19
970.900 NON-MOTORIZED EQUIPMENT	10,000.00	11,325.00	11,306.54	18.46
995.000 INTEREST EXPENSE	6,850.00	15,015.00	15,011.88	3.32
999.000 CONTRIBUTION TO OTHER FUNDS	14,000.00	14,000.00	14,000.00	0.00
<b>Total Fire</b>	<b>349,600.00</b>	<b>407,910.00</b>	<b>402,830.14</b>	<b>5,079.85</b>
<b>Inspections:</b>				
702.000 WAGES-FULL TIME	35,300.00	35,400.00	35,392.45	7.55
715.000 FICA-EMPLOYER	2,725.00	2,725.00	2,707.53	17.47
716.000 HOSPITAL INSURANCE	19,400.00	18,905.00	17,711.52	1,193.48
717.000 LIFE INSURANCE	250.00	250.00	189.42	80.58
718.000 RETIREMENT	3,900.00	3,900.00	3,888.19	13.81
727.000 OFFICE SUPPLY	400.00	400.00	338.82	83.18
728.000 POSTAGE	300.00	1,000.00	867.59	112.41
729.000 PRINTING	300.00	310.00	301.81	8.12
730.000 PUBLICATIONS	250.00	250.00	0.00	250.00
740.000 GENERAL SUPPLY	100.00	100.00	27.52	72.48
741.000 FUEL	600.00	1,300.00	1,296.22	3.78
781.000 EQUIPMENT MAINTENANCE	300.00	300.00	0.00	300.00
801.000 PROFESSIONAL SERV.	1,200.00	435.00	197.75	237.25
802.000 CONTRACTUAL SERV.	13,000.00	12,400.00	10,000.62	2,399.38
803.000 DUES/MEMBERSHIPS	400.00	400.00	320.00	80.00
805.000 SERVICE CHARGES	0.00	5.00	1.00	4.00
853.000 PHONE EXPENSE	1,150.00	1,180.00	1,177.51	2.49
883.000 VEHICLE MAINTENANCE	500.00	670.00	670.00	0.00
868.000 LODGING	450.00	450.00	0.00	450.00
869.000 MEALS	200.00	200.00	0.00	200.00
870.000 TRAVEL EXPENSE	175.00	175.00	93.30	81.70
901.000 ADVERTISING	200.00	95.00	0.00	95.00
959.000 TRAINING/TUITION	400.00	400.00	0.00	400.00
964.000 REFUND/REBATE	0.00	250.00	250.00	0.00
<b>Total Inspections</b>	<b>81,500.00</b>	<b>81,500.00</b>	<b>75,447.25</b>	<b>8,052.68</b>

**City of Marine City**  
**Schedule of General Fund Expenditures and Other Financing Uses**  
**For the Year Ended June 30, 2008**

	Original Budget	Amended Budget	Actual	Variance
<b>General Maintenance/Public Works:</b>				
702.000 WAGES-FULL TIME	177,500.00	228,010.00	223,749.58	4,260.42
703.000 WAGES-PART TIME	0.00	2,500.00	1,777.37	722.63
708.000 LONGEVITY	4,525.00	4,525.00	4,525.00	0.00
715.000 FICA-EMPLOYER	14,350.00	18,150.00	17,593.45	556.55
716.000 HOSPITAL INSURANCE	113,500.00	113,500.00	106,634.32	6,865.68
717.000 LIFE INSURANCE	1,450.00	1,450.00	1,270.50	179.50
718.000 RETIREMENT	19,225.00	25,800.00	23,450.60	2,349.40
722.000 EMPLOYER RETIREE HLTH INS CONT	28,745.00	38,750.00	35,459.50	1,290.50
727.000 OFFICE SUPPLY	2,300.00	800.00	675.98	124.02
728.000 POSTAGE	80.00	80.00	16.75	63.25
729.000 PRINTING	130.00	130.00	0.00	130.02
730.000 PUBLICATIONS	265.00	265.00	194.17	70.83
740.000 GENERAL SUPPLY	5,450.00	5,400.00	4,294.31	1,105.69
744.000 CLOTHING	6,150.00	6,150.00	5,027.80	1,122.20
751.000 FUEL	17,765.00	28,225.00	28,218.80	6.20
780.000 CUSTODIAL SUPPLY	325.00	325.00	0.00	325.00
781.000 EQUIPMENT MAINTENANCE	5,000.00	5,725.00	5,713.40	11.59
802.000 CONTRACTUAL SERV.	2,065.00	1,065.00	496.53	568.47
803.000 DUES/MEMBERSHIPS	630.00	630.00	398.50	231.50
805.000 SERVICE CHARGES	160.00	200.00	196.22	3.78
807.000 REGISTRATION FEES	0.00	65.00	65.00	0.00
817.000 CDL CONSORTIUM FEE	630.00	565.00	420.00	145.00
853.000 PHONE EXPENSE	4,900.00	4,900.00	4,381.43	518.57
863.000 VEHICLE MAINTENANCE	15,675.00	15,675.00	15,088.78	586.22
869.000 MEALS	890.00	890.00	480.00	410.00
870.000 TRAVEL EXPENSE	1,050.00	800.00	386.05	413.95
901.000 ADVERTISING	330.00	330.00	154.10	175.90
921.000 ELECTRIC	6,335.00	6,335.00	5,235.94	1,099.06
923.000 NATURAL GAS	8,890.00	8,890.00	7,939.25	950.75
931.000 GENERAL REPAIRS	1,775.00	1,475.00	609.05	865.94
933.000 BUILDING REPAIR	2,625.00	3,325.00	2,706.82	618.18
946.000 EQUIPMENT LEASE	14,625.00	14,625.00	14,610.66	14.34
959.000 TRAINING/TUITION	2,100.00	250.00	246.25	3.75
970.000 CAPITAL OUTLAY	26,000.00	0.00	0.00	0.00
995.000 INTEREST EXPENSE	2,225.00	2,225.00	2,206.55	18.45
<b>Total General Maintenance/Public Works</b>	<b>487,665.00</b>	<b>540,030.00</b>	<b>514,222.66</b>	<b>25,807.34</b>
<b>Street Lighting:</b>				
926.000 STREET LIGHTING	80,000.00	80,000.00	75,608.66	4,391.34
<b>Refuse:</b>				
802.000 CONTRACTUAL SERV.	205,110.00	205,110.00	204,432.75	677.25
<b>Community and Economic Development:</b>				
727.000 OFFICE SUPPLY	0.00	80.00	79.67	0.33
728.000 POSTAGE	300.00	300.00	49.25	250.75
729.000 PRINTING	200.00	265.00	259.21	5.79
730.000 PUBLICATIONS	50.00	50.00	0.00	50.00
740.000 GENERAL SUPPLY	25.00	25.00	23.99	1.01
801.000 PROFESSIONAL SERV.	25,000.00	24,855.00	15,448.97	9,406.03
869.000 MEALS	75.00	75.00	0.00	75.00
870.000 TRAVEL EXPENSE	100.00	100.00	10.00	90.00
901.000 ADVERTISING	750.00	750.00	392.65	357.35
959.000 TRAINING/TUITION	125.00	125.00	7.00	118.00
<b>Total Community and Economic Development</b>	<b>26,625.00</b>	<b>26,625.00</b>	<b>16,270.74</b>	<b>10,354.26</b>





**City of Marine City**  
**Schedule of General Fund Expenditures and Other Financing Uses**  
**For the Year Ended June 30, 2008**

	Original Budget	Amended Budget	Actual	Variance
<b>Recreation:</b>				
703.000 WAGES-PART TIME	31,585.00	38,870.00	36,536.98	2,333.02
715.000 FICA-EMPLOYER	2,425.00	3,000.00	2,794.96	205.04
718.000 RETIREMENT	1,645.00	1,670.00	1,667.07	2.93
727.000 OFFICE SUPPLY	200.00	350.00	341.20	8.85
728.000 POSTAGE	75.00	75.00	30.22	44.78
729.000 PRINTING	0.00	75.00	70.96	4.04
740.000 GENERAL SUPPLY	1,520.00	6,730.00	5,143.07	1,586.93
802.000 CONTRACTUAL SERV.	6,620.00	6,795.00	6,120.27	674.73
803.000 DUES/MEMBERSHIPS	250.00	690.00	690.00	0.00
805.000 SERVICE CHARGES	0.00	5.00	1.00	4.00
853.000 PHONE EXPENSE	0.00	1,300.00	1,292.58	7.42
869.000 MEALS	0.00	120.00	116.08	3.92
880.000 COMMUNITY PROMOTION	0.00	1,000.00	1,000.00	0.00
901.000 ADVERTISING	0.00	340.00	293.70	46.30
957.000 MISCELLANEOUS EXPENSE	0.00	300.00	300.00	0.00
959.000 TRAINING/TUITION	0.00	215.00	212.50	2.50
<b>Total Recreation</b>	<b>44,320.00</b>	<b>61,535.00</b>	<b>56,610.59</b>	<b>4,924.26</b>
<b>Parks and Beach:</b>				
702.000 WAGES-FULL TIME	41,600.00	33,075.00	24,947.59	8,127.41
703.000 WAGES-PART TIME	29,740.00	33,140.00	31,844.03	1,295.97
715.000 FICA-EMPLOYER	5,725.00	5,200.00	4,344.60	855.40
718.000 RETIREMENT	4,600.00	3,800.00	2,741.54	1,058.46
722.000 EMPLOYER RETIREE HLTH INS CONT	6,550.00	5,400.00	3,903.64	1,496.36
740.000 GENERAL SUPPLY	5,525.00	6,775.00	6,765.43	9.55
802.000 CONTRACTUAL SERV.	5,700.00	6,325.00	6,313.03	11.97
853.000 PHONE EXPENSE	600.00	600.00	454.51	145.49
921.000 ELECTRIC	1,200.00	1,500.00	1,495.89	4.11
931.000 GENERAL REPAIRS	3,350.00	3,350.00	1,959.58	1,390.42
933.000 BUILDING REPAIR	1,150.00	1,150.00	0.00	1,150.00
970.000 CAPITAL OUTLAY	0.00	25,150.00	23,874.94	1,275.06
970.300 MAJOR REPAIR/REPLACE	0.00	35,000.00	30,318.50	4,681.50
<b>Total Parks and Beach</b>	<b>105,740.00</b>	<b>160,465.00</b>	<b>138,963.28</b>	<b>21,501.70</b>
<b>Safety Program:</b>				
727.000 OFFICE SUPPLY	50.00	50.00	0.00	50.00
728.000 POSTAGE	25.00	25.00	0.00	25.00
740.000 GENERAL SUPPLY	500.00	500.00	347.84	152.16
781.000 EQUIPMENT MAINTENANCE	1,400.00	1,750.00	1,131.70	618.30
868.000 LODGING	250.00	250.00	0.00	250.00
869.000 MEALS	100.00	100.00	0.00	100.00
870.000 TRAVEL EXPENSE	150.00	150.00	0.00	150.00
959.000 TRAINING/TUITION	400.00	50.00	0.00	50.00
<b>Total Safety Program</b>	<b>2,875.00</b>	<b>2,875.00</b>	<b>1,479.54</b>	<b>1,395.46</b>
<b>Library:</b>				
740.000 GENERAL SUPPLY	525.00	525.00	258.91	266.09
802.000 CONTRACTUAL SERV.	7,000.00	7,000.00	5,956.53	1,043.47
853.000 PHONE EXPENSE	1,500.00	1,500.00	1,310.91	189.09
921.000 ELECTRIC	5,200.00	5,250.00	5,243.46	6.54
923.000 NATURAL GAS	900.00	900.00	611.79	288.21
931.000 GENERAL REPAIRS	1,050.00	1,050.00	651.42	398.58
933.000 BUILDING REPAIR	2,300.00	2,250.00	190.45	2,059.55
<b>Total Library</b>	<b>18,475.00</b>	<b>18,475.00</b>	<b>14,223.47</b>	<b>4,251.53</b>

**City of Marine City**  
**Schedule of General Fund Expenditures and Other Financing Uses**  
**For the Year Ended June 30, 2008**

	Original Budget	Amended Budget	Actual	Variance
<b>Insurance and Unemployment:</b>				
710.000 UNEMPLOYMENT	13,000.00	12,750.00	4,793.84	7,956.16
716.000 HOSPITAL INSURANCE	0.00	250.00	-870.70	1,120.70
720.000 WORKERS COMP	22,350.00	22,350.00	21,861.22	488.78
912.000 LIABILITY INSURANCE	<u>92,000.00</u>	<u>103,685.00</u>	<u>103,860.42</u>	<u>-185.42</u>
<b>Total Insurance and Unemployment</b>	<u>127,350.00</u>	<u>138,035.00</u>	<u>129,864.78</u>	<u>8,370.22</u>
<b>Special Projects:</b>				
740.000 GENERAL SUPPLY	0.00	39,180.00	28,238.64	10,943.18
802.000 CONTRACTUAL SERV	5,000.00	30,000.00	29,750.63	249.37
890.000 CONTINGENCIES	0.00	2,800.00	0.00	2,800.00
956.000 SETTLEMENTS	0.00	11,000.00	11,000.00	0.00
982.000 PROPERTY TAX	7,000.00	3,000.00	783.28	2,216.72
970.000 CAPITAL OUTLAY	0.00	34,300.00	34,300.00	0.00
971.000 PROPERTY ACQUISITION	0.00	181,800.00	181,791.89	8.31
991.000 PRINCIPAL PAYMENT	0.00	4,525.00	4,512.75	12.25
995.000 INTEREST EXPENSE	0.00	12,845.00	12,614.69	30.31
999.000 CONTRIBUTION TO OTHER FUNDS	<u>127,365.00</u>	<u>130,065.00</u>	<u>127,480.00</u>	<u>2,585.00</u>
<b>Total Special Projects</b>	<u>139,365.00</u>	<u>449,115.00</u>	<u>430,469.88</u>	<u>18,645.12</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u><u>3,310,775.00</u></u>	<u><u>3,705,810.00</u></u>	<u><u>3,517,682.83</u></u>	<u><u>188,127.16</u></u>



**City of Marine City**  
**Schedule of Water and Sewer Fund Expenses and Other Financing Uses**  
**For the Year Ended June 30, 2008**

	Original Budget	Amended Budget	Actual	Variance
<b>General Administrative - Sewer:</b>				
702.000 WAGES-FULL TIME	47,400.00	45,150.00	43,386.53	1,763.47
703.000 WAGES-PART TIME	0.00	1,050.00	1,049.12	0.88
715.000 FICA-EMPLOYER	3,650.00	3,565.00	3,389.09	175.91
718.000 RETIREMENT	5,225.00	5,540.00	4,645.37	894.63
720.000 WORKERS COMP	4,300.00	4,300.00	3,664.52	635.48
722.000 EMPLOYER RETIREE HLTH INS CONT	5,800.00	5,675.00	5,570.52	104.48
727.000 OFFICE SUPPLY	900.00	900.00	862.22	37.79
728.000 POSTAGE	1,700.00	1,700.00	1,464.54	235.46
729.000 PRINTING	1,000.00	1,000.00	499.55	500.44
781.000 EQUIPMENT MAINTENANCE	550.00	550.00	0.00	549.94
801.000 PROFESSIONAL SERV.	4,600.00	4,600.00	4,600.00	0.00
802.000 CONTRACTUAL SERV.	9,300.00	9,300.00	7,239.95	2,060.05
853.000 PHONE EXPENSE	325.00	350.00	348.72	1.28
912.000 LIABILITY INSURANCE	8,300.00	9,370.00	9,369.06	0.92
943.000 EQUIPMENT LEASE	100.00	100.00	74.93	25.07
957.000 MISCELLANEOUS EXPENSE	50.00	50.00	0.00	50.00
995.000 INTEREST EXPENSE	11,500.00	11,500.00	11,375.00	125.00
<b>Total General Administrative - Sewer</b>	<b>104,700.00</b>	<b>104,700.00</b>	<b>97,539.14</b>	<b>7,160.80</b>
<b>System Maintenance - Sewer:</b>				
702.000 WAGES-FULL TIME	9,800.00	9,575.00	3,556.98	6,018.02
715.000 FICA-EMPLOYER	750.00	750.00	272.08	477.92
718.000 RETIREMENT	1,100.00	1,100.00	390.49	709.51
722.000 EMPLOYER RETIREE HLTH INS CONT	1,550.00	1,550.00	545.62	1,004.38
729.000 PRINTING	0.00	40.00	35.87	4.13
740.000 GENERAL SUPPLY	550.00	550.00	200.00	350.00
744.000 CLOTHING	0.00	60.00	57.00	3.00
781.000 EQUIPMENT MAINTENANCE	0.00	225.00	213.52	11.48
782.000 ROAD/STREET MATERIAL	1,650.00	1,650.00	146.69	1,503.31
802.000 CONTRACTUAL SERV.	1,000.00	1,000.00	124.00	876.00
803.000 DUES/MEMBERSHIPS	170.00	170.00	97.80	72.20
931.000 GENERAL REPAIRS	8,450.00	8,350.00	3,728.46	4,621.54
<b>Total System Maintenance - Sewer</b>	<b>25,020.00</b>	<b>25,020.00</b>	<b>9,368.51</b>	<b>15,651.49</b>

**City of Marine City**  
**Schedule of Water and Sewer Fund Expenses and Other Financing Uses**  
**For the Year Ended June 30, 2008**

	Original Budget	Amended Budget	Actual	Variance
<b><i>Plant Operations - Sewer:</i></b>				
702.000 WAGES-FULL TIME	148,000.00	163,400.00	163,372.39	27.61
703.000 WAGES-PART TIME	0.00	640.00	636.43	3.57
703.100 LEAVE HOURS PAY	5,500.00	5,500.00	1,330.70	4,169.30
708.000 LONGEVITY	825.00	825.00	825.00	0.00
715.000 FICA-EMPLOYER	11,825.00	12,615.00	12,607.67	7.33
716.000 HOSPITAL INSURANCE	20,700.00	20,700.00	18,352.28	2,347.72
717.000 LIFE INSURANCE	375.00	375.00	287.70	87.30
718.000 RETIREMENT	16,600.00	17,625.00	17,613.06	11.94
722.000 EMPLOYER RETIREE HLTH INS CONT	23,350.00	25,480.00	25,478.79	1.21
727.000 OFFICE SUPPLY	625.00	625.00	454.74	170.26
728.000 POSTAGE	330.00	330.00	38.40	291.60
730.000 PUBLICATIONS	85.00	85.00	0.00	85.00
740.000 GENERAL SUPPLY	1,880.00	1,880.00	1,440.09	439.91
741.000 FUEL	500.00	500.00	492.36	7.62
744.000 CLOTHING	1,880.00	1,880.00	1,365.48	514.52
748.000 LAB SUPPLY	5,125.00	11,150.00	8,804.24	2,345.76
754.000 TREATMENT SUPPLY	8,360.00	8,360.00	6,273.90	2,086.10
780.000 CUSTODIAL SUPPLY	225.00	255.00	208.92	46.08
781.000 EQUIPMENT MAINTENANCE	4,915.00	4,890.00	1,865.83	3,024.17
801.000 PROFESSIONAL SERV.	4,400.00	4,400.00	1,623.13	2,776.87
802.000 CONTRACTUAL SERV.	22,780.00	23,860.00	23,857.76	2.24
802.100 BIOSOLIDS REMOVAL	70,015.00	68,015.00	51,312.81	16,702.19
803.000 DUES/MEMBERSHIPS	130.00	130.00	43.50	86.50
805.000 SERVICE CHARGES	1,300.00	1,300.00	5.75	1,294.25
819.000 LAND APPL. & GENERATION FEE	13,200.00	1,900.00	1,895.44	4.56
822.000 PERMIT FEES	6,275.00	6,275.00	6,250.00	25.00
853.000 PHONE EXPENSE	4,840.00	4,840.00	1,892.46	2,947.54
863.000 VEHICLE MAINTENANCE	550.00	550.00	0.00	550.00
868.000 LODGING	0.00	210.00	207.71	2.29
869.000 MEALS	100.00	100.00	85.79	14.21
870.000 TRAVEL EXPENSE	150.00	150.00	149.73	0.27
921.000 ELECTRIC	48,400.00	38,525.00	38,505.13	19.87
923.000 NATURAL GAS	13,000.00	11,940.00	9,513.90	2,426.10
931.000 GENERAL REPAIRS	16,000.00	13,470.00	13,458.03	11.97
933.000 BUILDING REPAIR	4,500.00	4,500.00	1,639.23	2,860.77
959.000 TRAINING/TUITION	1,250.00	1,250.00	250.00	1,000.00
968.000 DEPRECIATION EXPENSE-WATER	0.00	0.00	430,367.00	-430,367.00
999.000 CONTRIBUTION TO OTHER FUNDS	0.00	31,000.00	31,000.00	0.00
<b>Total Plant Operations - Sewer</b>	<b>457,990.00</b>	<b>489,530.00</b>	<b>873,505.35</b>	<b>-383,975.34</b>
<b><i>Pump/Lift Station - Sewer:</i></b>				
702.000 WAGES-FULL TIME	850.00	850.00	564.87	285.13
703.000 WAGES-PART TIME	0.00	150.00	81.74	68.26
715.000 FICA-EMPLOYER	75.00	85.00	49.45	35.55
718.000 RETIREMENT	100.00	100.00	62.08	37.92
722.000 EMPLOYER RETIREE HLTH INS CONT	150.00	150.00	88.52	61.48
740.000 GENERAL SUPPLY	840.00	840.00	309.53	530.47
781.000 EQUIPMENT MAINTENANCE	315.00	315.00	0.00	315.00
802.000 CONTRACTUAL SERV.	3,660.00	3,010.00	1,522.24	1,487.77
853.000 PHONE EXPENSE	705.00	705.00	695.57	9.43
921.000 ELECTRIC	7,525.00	7,525.00	7,524.01	0.99
923.000 NATURAL GAS	2,200.00	2,200.00	2,152.64	47.36
931.000 GENERAL REPAIRS	4,180.00	4,830.00	4,814.67	15.33
<b>Total Pump/Lift Station - Sewer</b>	<b>20,600.00</b>	<b>20,760.00</b>	<b>17,865.32</b>	<b>2,894.69</b>

**City of Marine City**  
**Schedule of Water and Sewer Fund Expenses and Other Financing Uses**  
**For the Year Ended June 30, 2008**

	Original Budget	Amended Budget	Actual	Variance
<b>General Administrative - Water:</b>				
702.000 WAGES-FULL TIME	47,400.00	44,770.00	43,386.54	1,383.46
703.000 WAGES-PART TIME	0.00	1,050.00	1,049.12	0.88
715.000 FICA-EMPLOYER	3,650.00	3,565.00	3,388.47	176.53
718.000 RETIREMENT	5,225.00	5,540.00	4,645.36	894.64
720.000 WORKERS COMP	9,800.00	9,980.00	9,976.26	3.74
722.000 EMPLOYER RETIREE HLTH INS CONT	5,800.00	5,675.00	5,570.74	104.26
727.000 OFFICE SUPPLY	900.00	900.00	860.03	39.99
726.000 POSTAGE	1,700.00	1,700.00	1,464.54	235.46
729.000 PRINTING	1,000.00	1,000.00	499.55	500.44
781.000 EQUIPMENT MAINTENANCE	550.00	550.00	0.00	549.94
801.000 PROFESSIONAL SERV.	4,600.00	4,600.00	4,600.00	0.00
802.000 CONTRACTUAL SERV.	2,000.00	2,000.00	1,383.95	616.05
853.000 PHONE EXPENSE	325.00	350.00	348.72	1.28
912.000 LIABILITY INSURANCE	10,200.00	11,870.00	11,867.50	2.50
943.000 EQUIPMENT LEASE	100.00	100.00	74.93	25.07
957.000 MISCELLANEOUS EXPENSE	50.00	50.00	0.00	50.00
995.000 INTEREST EXPENSE	86,375.00	86,375.00	80,256.69	6,118.31
999.000 CONTRIBUTION TO OTHER FUNDS	675.00	875.00	875.00	0.00
<b>Total Administrative - Water</b>	<b>180,350.00</b>	<b>180,950.00</b>	<b>170,247.40</b>	<b>10,702.55</b>
<b>System Maintenance - Water</b>				
702.000 WAGES-FULL TIME	39,000.00	39,000.00	27,763.41	11,236.59
715.000 FICA-EMPLOYER	3,000.00	3,000.00	2,123.92	876.08
718.000 RETIREMENT	4,300.00	4,300.00	3,050.02	1,249.98
722.000 EMPLOYER RETIREE HLTH INS CONT	6,125.00	6,125.00	4,323.19	1,801.81
727.000 OFFICE SUPPLY	200.00	200.00	200.00	0.00
728.000 POSTAGE	50.00	50.00	0.00	50.00
729.000 PRINTING	50.00	50.00	35.88	14.12
740.000 GENERAL SUPPLY	705.00	705.00	662.00	43.00
782.000 ROAD/STREET MATERIAL	4,180.00	4,180.00	909.90	3,270.10
802.000 CONTRACTUAL SERV.	1,300.00	4,050.00	1,650.00	2,400.00
803.000 DUES/MEMBERSHIPS	125.00	125.00	97.80	27.20
868.000 LODGING	0.00	270.00	267.20	2.80
869.000 MEALS	0.00	60.00	57.10	2.90
870.000 TRAVEL EXPENSE	0.00	150.00	149.74	0.26
931.000 GENERAL REPAIRS	26,125.00	25,395.00	11,871.49	13,523.51
959.000 TRAINING/TUITION	0.00	250.00	250.00	0.00
<b>Total System Maintenance - Water</b>	<b>85,160.00</b>	<b>87,910.00</b>	<b>53,411.65</b>	<b>34,498.35</b>



**City of Marine City**  
**Schedule of Water and Sewer Fund Expenses and Other Financing Uses**  
**For the Year Ended June 30, 2008**

	Original Budget	Amended Budget	Actual	Variance
<b><i>Plant Operations - Water:</i></b>				
702.000 WAGES-FULL TIME	266,000.00	289,000.00	285,964.31	3,035.69
703.100 LEAVE HOURS PAY	10,000.00	7,170.00	5,706.43	1,463.57
708.000 LONGEVITY	3,100.00	3,100.00	3,100.00	0.00
715.000 FICA-EMPLOYER	21,400.00	23,125.00	22,116.51	1,008.49
716.000 HOSPITAL INSURANCE	79,100.00	79,280.00	79,275.55	4.45
717.000 LIFE INSURANCE	1,200.00	1,200.00	933.24	266.76
718.000 RETIREMENT	29,300.00	33,200.00	29,824.90	3,375.10
722.000 EMPLOYER RETIREE HLTH INS CONT	42,175.00	47,400.00	44,766.68	2,633.32
727.000 OFFICE SUPPLY	1,900.00	1,400.00	603.44	796.56
728.000 POSTAGE	100.00	100.00	61.04	38.96
740.000 GENERAL SUPPLY	1,000.00	2,425.00	1,503.32	921.68
741.000 FUEL	350.00	350.00	193.91	156.09
744.000 CLOTHING	2,000.00	2,000.00	1,868.35	131.65
748.000 LAB SUPPLY	10,000.00	10,100.00	8,579.88	1,520.11
754.000 TREATMENT SUPPLY	21,357.00	22,787.00	22,782.02	4.97
780.000 CUSTODIAL SUPPLY	400.00	400.00	144.21	255.79
781.000 EQUIPMENT MAINTENANCE	5,000.00	7,750.00	6,176.04	1,573.95
801.000 PROFESSIONAL SERV.	5,000.00	915.00	0.00	915.00
802.000 CONTRACTUAL SERV.	10,040.00	10,400.00	8,072.67	2,327.33
803.000 DUES/MEMBERSHIPS	600.00	600.00	570.00	30.00
820.000 PUBLIC SUPPLY FEE	1,250.00	1,250.00	1,049.06	200.94
853.000 PHONE EXPENSE	5,500.00	6,210.00	6,205.05	4.95
863.000 VEHICLE MAINTENANCE	1,000.00	725.00	342.00	383.00
868.000 LODGING	900.00	400.00	302.38	97.62
869.000 MEALS	250.00	250.00	22.00	228.00
870.000 TRAVEL EXPENSE	500.00	625.00	608.18	16.82
901.000 ADVERTISING	500.00	1,290.00	1,289.75	0.25
921.000 ELECTRIC	25,000.00	25,000.00	22,596.51	2,403.49
923.000 NATURAL GAS	6,000.00	6,510.00	6,504.91	5.09
933.000 BUILDING REPAIR	750.00	750.00	163.90	586.10
951.000 EQUIPMENT LEASE	0.00	325.00	324.00	1.00
959.000 TRAINING/TUITION	1,000.00	1,000.00	847.25	152.75
968.000 DEPRECIATION EXPENSE-WATER	0.00	0.00	192,063.00	-192,063.00
<b><i>Total Plant Operations - Water</i></b>	<b>552,672.00</b>	<b>587,037.00</b>	<b>754,560.49</b>	<b>-167,523.52</b>
<b>TOTAL EXPENSES AND OTHER FINANCING USES</b>	<b>1,426,492.00</b>	<b>1,495,907.00</b>	<b>1,976,497.88</b>	<b>-480,590.98</b>

**City of Marine City  
Schedule of Indebtedness  
June 30, 2008**

***Water Supply and Sewage Disposal System Revenue Bonds - Series III:***

Date of Issue	Amount of Issue	Interest Rate	Payable In Fiscal Year Ended June 30	Principal	Interest	Total
10-2-81	\$ 628,000	5.00%	2009	\$ -	\$ 22,500	\$ 22,500
Principal due July 1			2010	35,000	21,375	56,375
Interest due July 1			2011	35,000	19,625	54,625
and January 1			2012	35,000	17,875	52,875
			2013	35,000	16,125	51,125
			2014	35,000	14,375	49,375
			2015	35,000	12,625	47,625
			2016	35,000	10,875	45,875
			2017	40,000	9,000	49,000
			2018	40,000	7,000	47,000
			2019	40,000	5,000	45,000
			2020	40,000	3,000	43,000
			2021	40,000	1,000	41,000
<b>Total Revenue Bonds</b>				<b>445,000</b>	<b>\$ 160,375</b>	<b>\$ 605,375</b>



**City of Marine City**  
**Schedule of Indebtedness**  
*(Continued)*  
**June 30, 2008**

**Drinking Water Revolving Fund Bonds:**

Date of Issue	Amount of Issue	Interest Rate	Payable In Fiscal Year Ended June 30	Principal	Interest	Total
9-29-98	\$ 1,155,000	2.50%	2009	\$ 55,000	\$ 17,500	\$ 72,500
Principal due April 1			2010	60,000	16,125	76,125
Interest due October 1 and April 1			2011	60,000	14,625	74,625
			2012	60,000	13,125	73,125
			2013	60,000	11,625	71,625
			2014	65,000	10,125	75,125
			2015	65,000	8,500	73,500
			2016	65,000	6,875	71,875
			2017	70,000	5,250	75,250
			2018	70,000	3,500	73,500
			2019	70,000	1,750	71,750
<b>Total Issue Outstanding</b>				<u>700,000</u>	<u>\$ 109,000</u>	<u>\$ 809,000</u>

Date of Issue	Amount of Issue	Interest Rate	Payable In Fiscal Year Ended June 30	Principal	Interest	Total
12-23-05	\$ 2,500,000	2.125%	2009	\$ 105,000	\$ 40,744	\$ 145,744
Principal due April 1			2010	110,000	38,513	148,513
Interest due October 1 and April 1			2011	110,000	36,175	146,175
			2012	115,000	33,838	148,838
			2013	115,000	31,394	146,394
			2014	115,000	28,950	143,950
			2015	120,000	26,506	146,506
			2016	125,000	23,956	148,956
			2017	125,000	21,300	146,300
			2018	130,000	18,644	148,644
			2019	130,000	15,881	145,881
			2020	135,000	13,119	148,119
			2021	135,000	10,250	145,250
			2022	140,000	7,381	147,381
			2023	140,000	4,406	144,406
			2024	145,000	1,431	146,431
			2025	150,000	-	150,000
			2026	150,000	-	150,000
<b>Total Issue Outstanding</b>				<u>2,295,000</u>	<u>\$ 352,488</u>	<u>\$ 2,647,488</u>

**Total Water and Sewer Fund  
Bonded Indebtedness**

**3,440,000**





**City of Marine City  
Schedule of Indebtedness  
(Continued)  
June 30, 2008**

**Special Assessment Bonds - 1981:**

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Payable In Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
10-2-81	\$ 167,000	5.00%	2009	\$ 4,000	\$ 3,350	\$ 7,350
Principal due September 1			2010	4,000	3,150	7,150
Interest due September 1			2011	5,000	2,925	7,925
and March 1			2012	5,000	2,675	7,675
			2013	5,000	2,425	7,425
			2014	5,000	2,175	7,175
			2015	5,000	1,925	6,925
			2016	6,000	1,650	7,650
			2017	6,000	1,350	7,350
			2018	6,000	1,050	7,050
			2019	6,000	751	6,751
			2020	6,000	450	6,450
			2021	6,000	150	6,150
<b>Total Special Assessment Bonded Indebtedness</b>				<b>69,000</b>	<b>\$ 24,026</b>	<b>\$ 93,026</b>

**City of Marine City  
Schedule of Indebtedness  
(Continued)  
June 30, 2008**

***Mortgage - 131 S. Water Street***

<u>Date of Mortgage</u>	<u>Amount Mortgage</u>	<u>Interest Rate</u>	<u>Payable In Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
4-09-08	\$ 145,000	4.84%	2009	\$ 26,539	\$ 6,226	\$ 32,765
Payments of \$2,730.41			2010	27,852	4,913	32,765
due monthly			2011	29,230	3,535	32,765
			2012	30,677	2,088	32,765
			2013	26,185	801	26,986
	<b><i>Total Amount Outstanding</i></b>			<b>\$ 140,483</b>	<b>\$ 17,563</b>	<b>\$ 158,046</b>

**City of Marine City  
Schedule of Indebtedness  
(Continued)  
June 30, 2008**

**1991 General Obligation Unlimited Tax Bonds - Series A:**

Date of Issue	Amount of Issue	Interest Rate	Payable In Fiscal Year Ended June 30	Principal	Interest	Total
6-27-91	\$ 9,010,000	2.00%	2009	\$ 480,000	\$ 49,900	\$ 529,900
Principal due April 1			2010	490,000	40,300	530,300
Interest due April 1 and October 1			2011	500,000	30,500	530,500
			2012	510,000	20,500	530,500
			2013	515,000	10,300	525,300
<b>Total Issue Outstanding</b>				<u>2,495,000</u>	<u>\$ 151,500</u>	<u>\$ 2,646,500</u>

**1992 General Obligation Unlimited Tax Bonds - Series C:**

Date of Issue	Amount of Issue	Interest Rate	Payable In Fiscal Year Ended June 30	Principal	Interest	Total
9-24-92	\$ 760,000	2.00%	2009	\$ 25,000	\$ 1,900	\$ 26,900
Principal due April 1			2010	25,000	1,400	26,400
Interest due April 1 and October 1			2011	25,000	900	25,900
			2012	20,000	400	20,400
<b>Total Issue Outstanding</b>				<u>95,000</u>	<u>\$ 4,600</u>	<u>\$ 99,600</u>

**1992 Limited Tax General Obligation Wastewater Treatment System Bonds:**

Date of Issue	Amount of Issue	Interest Rate	Payable In Fiscal Year Ended June 30	Principal	Interest	Total
9-24-92	\$ 645,000	2.00%	2009	\$ 20,000	\$ 1,200	\$ 21,200
Principal due April 1			2010	20,000	800	20,800
Interest due April 1 and October 1			2011	20,000	400	20,400
<b>Total Issue Outstanding</b>				<u>60,000</u>	<u>\$ 2,400</u>	<u>\$ 62,400</u>

**Total Governmental Funds  
Indebtedness**

**2,790,483**



**City of Marine City  
Schedule of Indebtedness  
(Continued)  
June 30, 2008**

**Xerox Leases:**

<u>Collateral</u>	<u>Monthly Payment</u>	<u>Payments Remaining</u>	<u>Total Payments</u>
Xerox Copier	\$ 222	10	\$ 2,220

**Building Lease:**

<u>Collateral</u>	<u>Monthly Payment</u>	<u>Payments Remaining</u>	<u>Total Payments</u>
Building	\$ 2,300	month-to-month	\$ -

**Fire Truck Capitalized Leases:**

<u>Date of Lease</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Payable In Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
9-14-98	\$ 275,975	6.61%	2009	\$ -	\$ -	\$ -
Annual payments due each			2010	28,743	5,278	34,021
July 1 in the amount of			2011	30,404	3,616	34,020
\$34,020			2012	32,161	1,859	34,020
				91,308	10,753	102,061

<u>Date of Lease</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Payable In Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
4-23-07	\$ 144,999	5.63%	2009	\$ 18,454	\$ 7,180	\$ 25,634
Annual payments due each			2010	19,493	6,141	25,634
Apr 1 in the amount of			2011	20,590	5,044	25,634
\$25,634			2012	21,750	3,884	25,634
			2013	22,974	2,660	25,634
			2014	24,268	1,366	25,634
				127,529	26,275	153,804

**Backhoe Loader Capitalized Lease:**

<u>Date of Lease</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Payable In Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
7-10-04	\$ 73,214	4.8%	2009	\$ 15,312	\$ 1,505	\$ 16,817
Annual payments due each			2010	16,047	770	16,817
July 10 in the amount of \$16,817				31,359	2,275	33,634

**Police Car Capitalized Lease:**

<u>Date of Lease</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Payable In Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
5-10-06	\$ 15,591	11.3%	2009	\$ -	\$ -	\$ -
Annual payments due each			2010	5,805	604	6,409
July 1 in the amount of				5,805	604	6,409

\$6,410

**Total Leases**

**258,221**

**TOTAL INDEBTEDNESS**

**\$ 6,557,704**



**City of Marine City  
Component Units  
Schedule of Indebtedness  
June 30, 2008**

***Tax Increment Bonds, Series 2001:***

<u>Date of Issue</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Payable in Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
5-1-01	\$ 425,000	4.30%	2009	\$ 20,000	\$ 13,780	\$ 33,780
Principal due October 1		4.40	2010	20,000	12,910	32,910
Interest due October 1		4.50	2011	25,000	11,908	36,908
and April 1		4.60	2012	25,000	10,770	35,770
		4.70	2013	25,000	9,608	34,608
		4.80	2014	25,000	8,420	33,420
		4.90	2015	30,000	7,085	37,085
		5.00	2016	30,000	5,600	35,600
		5.00	2017	30,000	4,100	34,100
		5.10	2018	30,000	2,585	32,585
		5.20	2019	35,000	910	35,910
<b><i>Total Component Unit Indebtedness</i></b>				<b>\$ 295,000</b>	<b>\$ 87,676</b>	<b>\$ 382,676</b>





# McBride, Manley & Miiller P.C.

Certified Public Accountants

Marine City, MI (810) 765-4700

Chesterfield, MI (586) 598-4600

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

October 27, 2008

City Council  
City of Marine City  
303 S. Water Street  
Marine City, Michigan 48039

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the CITY OF MARINE CITY, as of and for the year ended June 30, 2008, which collectively comprise the City of Marine City's basic financial statements and have issued our report thereon dated October 27, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Marine City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Marine City's financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Marine City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Marine City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Marine City's financial statements that is more than inconsequential will not be prevented or detected by the City of Marine City's internal control. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

#### *Deficiency:*

The City is not making certain adjustments to its Water and Sewer Enterprise Fund required in order for its financial reporting to comply with generally accepted accounting principles. The current policy of the City is to treat principle payments on debts and acquisition of capital assets as expenses, and depreciation is not recorded until the completion of the City's audit. This accounting presentation has been adopted for ease of budgeting and to present Council and management with a tool for managing the cash needs of this fund. The City has relied on its auditors to propose the necessary entries to conform this fund to generally accepted accounting principles. This departure from generally accepting accounting principles could represent a material misstatement as defined by Statement on Auditing Standards 112.

*Management's Response:*

The City's internal reporting of its enterprise fund is consistent with the methods used for its other funds. It provides management and the Council with the data necessary to manage the financial affairs of this fund. Management does not currently believe that there would be any cost benefit to the City to incur the time and related expense to convert these statements to a full accrual basis on a regular basis.

*Deficiency:*

The City's procedures governing adjusting journal entries does not provide for approval of the entries by qualified personnel other than the person creating the entry.

*Management's Response:*

The City's size does not warrant the employment of more than one trained accountant. It would not be cost effective for the City to retain the personnel required to eliminate this deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Marine City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Marine City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described above.

We noted certain matters that we reported to management of the City of Marine City in a separate letter dated October 27, 2008.

The City of Marine City's response to the findings identified in our audit follows the deficiency noted above. We did not audit the City of Marine City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

*McBride, Manley & Miller*

MCBRIDE, MANLEY & MILLER P.C.  
Certified Public Accountants





**McBride, Manley  
& Müller P.C.**

**Certified Public Accountants**

Marine City, MI (810) 765-4700

Chesterfield, MI (586) 598-4600

October 27, 2008

Honorable Mayor and City Council  
City of Marine City  
Marine City, Michigan 48039

Honorable Members:

We have examined the financial statements of the City of Marine City for the year ended June 30, 2008, and have issued our report thereon dated October 27, 2008. Our examination included a study and evaluation of internal control to the extent we considered necessary in order to establish a basis for reliance on the accounting records. As a result of our examination, we offer the following comments and recommendations.

**PURCHASES**

During our audit, we discovered instances where purchases in excess of \$2,000 were made prior to Council approval and proper bidding procedures were not followed. The City's charter requires competitive bidding, or Council waiver for all purchases in excess of \$2,000. This threshold was set by the City's charter in 1951, and is very low by today's standards. It is becoming increasingly impractical for the City administration to comply with this provision. The City should consider proposing charter amendments to raise this threshold.

**PAYROLL**

During our audit, we discovered that pay rates for Fire Department volunteers, part-time DPW employees, and part-time recreation employees were not approved by Council.

**T.I.F.A. #1**

The current adopted budget for T.I.F.A. #1 creates a deficit fund balance for the fund. This is in violation of Michigan statutes and should be corrected.

**ACT 51**

Just a reminder that Act 51 of 1951 now allows the Major Street Fund to transfer up to 50% of its Transportation Fund Distribution to the Local Street System. The City has been transferring 25% of these funds.



### WATER AND SEWER FUND

For the year ended June 30, 2008, the Water and Sewer Fund had an operating loss of \$415,000 and a total loss of \$251,000. Once again, there was a reduction in usage by the City's residents and other customers. These losses occurred even with a \$245,000 subsidy from other funds.

### CONCLUSION

As in the past several years, the City should be commended on the accuracy and completeness of its accounting systems, procedures, and financial reporting.

We would like to thank the City Manager, Treasurer, Clerk, and other City personnel for the cooperation and courtesies extended to us during our audit.

Respectfully submitted,



McBRIDE, MANLEY & MILLER P.C.  
Certified Public Accountants

